

The China Weekly
REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 28, 1939

Dorsey's Pro-Japan Broadcast

AN EDITORIAL

Collapse of Wang's Revolt

EDITORIAL CORRESPONDENCE

Japan's Stand Reaffirmed

Meaning of Schacht's Removal

Investment Outlook in China

BY NORMAN D. HANWELL

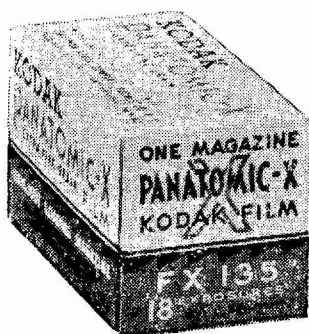
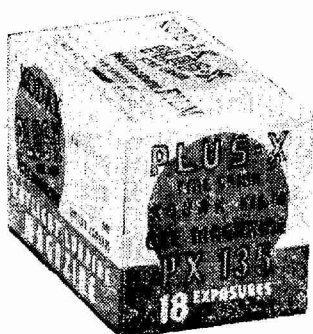
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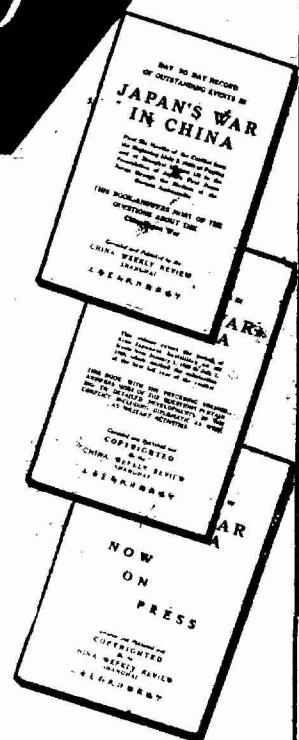
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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

TIT FOR TAT

To The Editor:

As the *Review* is well read at Washington and other political centers, why don't you make up a nice bunch of suggestions, showing comebacks to the Japanese, without a bunch of fuss and new laws.

For instance, peanuts in Shantung and the North can only be exported now by Japanese concerns. A cure: U.S. consular certificates at port of shipment not to be issued against these shipments until American firms also rightly engage in their former trade.

As American and British ships must discharge in outer harbor at Tsingtao, and load, thereby making cost of freight higher by five or six dollars per ton, why not at Hongkong, Singapore and other ports, in some manner charge against all Japanese vessels something on a similar basis?

For strategical reasons the Yangtze is closed to American ships. Why not close the Panama Canal to Japanese ships for similar reasons? Besides these three points there are dozens of others.

REALIST.

Shanghai, January 23, 1939.

DISPENSARY RACKET

To The Editor:

China's worst enemy is her own incurable corruption. I have in mind the prescription rebates which most of our local dispensaries afford to practising physicians. Of the money which dispensaries derive from filling prescriptions, a percentage goes back to the doctors, in the hope that the latter will reciprocate and introduce more business.

The practice is now so widespread that it is no longer a secret. The rebates frequently amount to 20 or 30 per cent. The medical superintendent of a certain Chinese hospital in Shanghai adds thousands of dollars annually to his income through such rebates.

Needless to say, the physicians' gain is the patients' loss. In olden days, robbers in China took from the rich and gave to the poor. The Chinese dispensaries take from the public to give to the physicians or medical superintendents of hospitals.

I hope that the associations of dispensers and physicians, and all the hospitals, will take swift action to stop this shameful "rebate" racket.

O. S. CHANG.

Shanghai, January 17, 1939.

CHINA AND THE LEAGUE

To The Editor:

Up to the present time, apart from the loans granted to China by Great Britain and the United States, members of the League of Nations have not kept their word to aid China against the aggressor. This has disappointed China and lowered the prestige of the League.

The weak attitude by the Powers toward Japan reflected their belief that Japan would give them concessions in China. Yet during the past nineteen months, Japan's real countenance has been revealed. She has shown it to be

her ambition to establish her own hegemony in Asia and to root out from China the interests of Great Britain and the United States.

The recent strong notes sent to Japan by Great Britain and the United States, followed by a similar note from France, sufficiently indicate that the attitude of the Powers toward Japan has now changed.

China's representative has placed demands before the League Council, now in session. Will Great Britain and France seize this opportunity to support China by seeing that China's demands are accepted and that assistance to China is given by all member states in accordance with the League's resolutions?

P. H. ALFRED WANG.

Shanghai, January 23, 1939.

IS THIS FRIENDSHIP?

To The Editor:

It was about 10.30 yesterday morning that we were warned by an air raid

alarm. Having remained in the dugout for three quarters of an hour, we all thought we might be spared by the enemy planes which were ordered to this city for destructive and slaughtering purposes. One hour later, nine planes appeared over the city and after reconnoitering for one quarter of an hour dropped more than 188 destructive and incendiary bombs on the commercial districts (none falling into the air-drome), instantly killing and wounding over one hundred civilians, demolishing more than 40 houses, sinking one steam launch and seven junks, all of which were not in the least used for military purposes.

Dear Sir, is this good friendship as our dread enemy has repeatedly pronounced to the world? I don't know whether your readers would agree with me that the definition of the word "friendship" should be changed into that of "brutality and barbarity" if this wanton destruction of property and

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carnage of human lives can be called
friendship. Let our compatriots be not
deceived by the Japanese militarists
that they are not fighting for territorial
expansion, nor have any quarrel with
our people.

ONE SKEPTIC.

Kian, Kiangsi, January 12, 1939.

PROGRESS IN KWEICHOW

To The Editor:

This city—Tsun-yi—is the largest city
of Kweichow, next to Kweiyang, which
has a regular police department and a
newspaper. Owing to its location on
the road to Chungking it now has many
improvements, namely, roads, improved
housing accommodations and schools
where popular education is enforced.
The Government is making a determined
effort to eradicate the age-long, wide-
spread opium-smoking habit. The C.I.M.
is the lone foreign mission, having
worked here for the past 30 years. The
district is rich in mineral resources,
especially coal, but little has been done
to develop modern mines. Rice is the
universal staple food.

C. I. M.

Tsun-yi, January 4, 1939.

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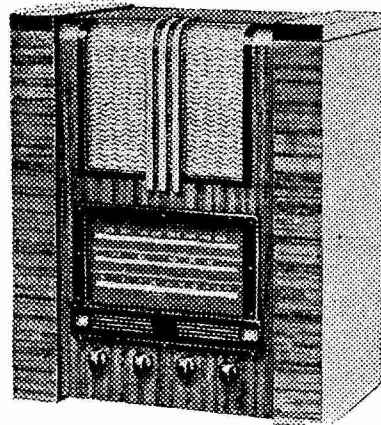
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DORSEY AND HIS PRO-JAPANESE BROADCAST TO U. S. A.

SEVERAL months ago an American cameraman named Paul Dorsey arrived in Shanghai from Tokyo and announced he represented a well known magazine, or rather group of magazines in the United States. Mr. Dorsey was escorted to Shanghai by a number of Japanese Army officers and was taken by them on a grand tour—in army bombers and on river gunboats—along the fighting fronts. No correspondent or cameraman was ever given such facilities for photographing scenes of military activities. According to Dorsey's own statement the Japanese army aviators dropped bombs on Chinese villages in order that he could film the ensuing clouds of debris and resulting wreckage. In one case an accommodating Japanese gunboat captain shot up a town on the bank of the Yangtze, "sending remnants of human beings flying in all directions" for Mr. Dorsey to photograph.

In fact Mr. Dorsey was given such facilities for taking pictures that other correspondents and cameramen commented on it and on one occasion raised the question at a press conference. But the apex of Mr. Dorsey's activities was reached when he broadcast a speech from Shanghai to the United States, over a network arranged by the Japanese, which included the Japanese military radio set-up here and the R. C. A. and Columbia systems in the United States. According to the verbatim text of Mr. Dorsey's address, which was published in *The Shanghai Times*, he stated definitely that he represented a certain group of American magazines, one of them a widely-read pictorial. He explained that he had come to China to investigate the Japanese side of the story, in which connection he declared, "the Japanese are proud of what they are doing in China—establishing perpetual peace in Asia," and more to that nauseating effect. Then, becoming enthusiastic, and doubtlessly remembering that he was broadcasting over a Japanese military radio, he told of a visit to the commander of an American gunboat, the U. S. S. Monocacy, stationed at Kiukiang. Mr. Dorsey then proceeded to tell his audience in the United States about the thoughts which he (Mr. Dorsey) thought were in the mind of the commander of the American gunboat. "In his heart," said Mr. Dorsey, "and in the hearts of the other officers and 61 men, I feel they would all like to return home . . . because the battle front in China is not a proper place for American warships . . ."

This statement, and the circumstances under which it was made, aroused the curiosity of a number of Americans in Shanghai who decided to make an investigation. The results were interesting and also significant of the methods which the Japanese military authorities use to obtain favorable publicity about their activities in China. According to a letter received in Shanghai from

the publisher of one of the magazines which Mr. Dorsey named as his sponsor while on his China tour, Mr. Dorsey had been given a leave of absence by the magazine when he departed for his tour in the Far East and has not been employed by the magazine since. In other words, Mr. Dorsey was either working "on his own," or was employed by the Japanese Army for the purpose of obtaining favorable publicity for the Japanese military campaign in China. While Mr. Dorsey's activities had the effect of discrediting legitimate news and cameramen, there was one redeeming element: he was suspected by his fellow craftsmen, one of whom started an investigation which resulted in Dorsey's exposure.

NAZI GRATITUDE FOR U. S. QUAKER RELIEF IN GERMANY

THE American Quakers, 19 years ago, initiated their work of feeding the starving children of Germany, children who had come through the war in under-nourished condition due to insufficiency of food resulting from the war and the Allied blockade which had prevented food shipments from the outside.

The Quaker relief program extended over a period of five years and received the unstinted praise of the Republican President Ebert who urged a continuance of the relief even after the most urgent requirements had been met.

According to reliable estimates the Quaker relief program supplied nourishing food, chiefly milk, to more than a million German children between the ages of 6 and 14.

These children are now from 20 to 28 years of age and doubtlessly provide the raw material for Hitler's storm-troopers and some of them probably participated in Dr. Goebbels' persecutions of the Jews. Recently Dr. Rufus M. Jones of the Quaker organization—who was in China a few months ago—made a trip to Germany to see whether further help could be extended to fresh victims of Nazi persecution. Dr. Jones was accompanied by two assistants. When Dr. Goebbels heard of the proposed trip of Dr. Jones and his assistants to Germany, he inserted the following paragraph in his newspapers, "Surely these three Quaker figures are wise men who, no doubt, this time too, hail from the East . . . We hope they will make themselves known when they are here. Then we shall know when to begin to quake—quake duly before the Quakers from the U. S. A. Don't expect us to take them seriously. We can't help it, we must laugh."

The *Christian Century* (Chicago) in commenting on the foregoing remarked, "Yes, it is well enough that they can laugh. At the time of the earlier Quaker visit there were tears of hunger and of gratitude in German eyes . . ."

The Collapse of Wang's One-Man Revolt

(Editorial Correspondence)

CHINA has suffered three serious blows in the past 18 months. The first was the fall of Nanking on Dec. 13, 1937, and the subsequent slaughter of Chinese troops and civilians. Next came the Japanese capture of Canton and Hankow within four days of each other in October, 1938. The last blow was the defection of Wang Ching-wei, erstwhile "deputy dictator" of the Chinese Government.

From the first two of these crushing blows China emerged with a growing determination to resist the invader. Wang's secret peace intrigue with Japan is still too recent to judge its results.

Wang's secret departure from Chungking to the safety of French Indo-China and his appeal to the country to surrender to Japan were not unexpected. Wang has always been an opportunist. Chou En-lai, Communist spokesman, voiced the feelings of thousands when he scathingly remarked: "I am not surprised. I have known Wang for 20 years and have always known him to be a quitter."

Not an unimportant part in Wang's move was his yearning to re-emerge from the obscurity into which he had been plunged by the war and the canny policy of Gen. Chiang Kai-shek. Accustomed to basking in the limelight, he apparently could endure no longer his "exile" in Chungking, without a following, and without a prospect of regaining the glory he believed he deserved as a confidante of the late Dr. Sun Yat-sen, China's "Lenin."

There was a time, in 1923-27, when Wang was the heart and soul of the Chinese revolutionary movement. His voluminous works were devoured by China's patriotic students and workers, fighting to end the era of warlordism. In the Kuomintang Party, Wang was a member of the ruling triumvirate (together with the late Dr. Hu Han-min and Gen. Chiang Kai-shek) and the unquestioned leader of the Leftist faction.

Wang's chief political assets were his handsome and youthful facial appearance, his pleasing personality and oratorical ability. But he seemed to lack the ability of making himself effective. He would discuss with visitors his program for encouraging what he termed "local autonomy," as a means of enlisting the support of the peasants, but his program never got beyond the stage of discussion and long-winded articles in his propaganda organs. The same was true with regard to his discussions pertaining to political democracy. When his followers were in positions of power at Shanghai and Nanking the Chinese newspapers and the foreign correspondents had more trouble with censors than at any other time. One of Wang's followers once said—following Wang's return from his sojourn in Berlin and Rome—that Wang was aiming at the type of dictatorship exercised by Lloyd George in England at the time of the World War. Wang always leaned toward *Continental* European ideas rather than toward Anglo-American—or even French—ideology. He surrounded himself with Chinese students who had received their educations on the Continent rather than with American and British returned students. When he first returned from his student days in Europe, he signed himself "Henri Waung." Someone once said that he hated American returned students. One of Wang's closest followers was associated with German Nazi propaganda and commercial activity in China.

The five years which followed the establishment of the National Government in Nanking in 1927 were marked by a bitter struggle between Gen. Chiang and Wang for the control of the Government and the Kuomintang Party. While the contest was characterized by alternate ups and downs of the two men, it was also

accompanied by the gradual extension of Gen. Chiang's influence over the country and Wang's parallel swing towards the right.

Wang's political metamorphosis became complete following the invasion of Manchuria by the Japanese, when the ex-revolutionary began to advocate a rapprochement with Tokyo to obviate further Japanese encroachment upon China.

To the Government, lacking any plan of resistance, Wang's proposal of "long-term resistance" was god-sent. Wang was elevated to the presidency of the Executive Yuan and his followers were given responsible posts in the Government. It was not long, however, before even the political innocents realized that "long-term resistance" meant no resistance at all.

Wang's pro-Nipponese tendency became so marked in 1935, that a group of patriots, after elaborate preparations, made an attempt on his life, severely wounding him. In the months which followed, assassins killed many of Wang's associates.

With a bullet imbedded in his body, Wang went on what the Chinese quaintly describe as a "political mission abroad." During his tour of Europe, Wang made protracted visits to Germany and Italy and became imbued with deep respect for the "kultur" and disciplinary qualities of totalitarianism.

When the first news of Gen. Chiang's kidnaping by radical officers in Sian in December, 1936, broke into the European headlines, Wang rushed home to take over the reins of Government. Misfortune, however, dogged him. Gen. Chiang was released 13 days later and soon resumed his place at the head of the Government.

Wang and a few of his associates were given titular posts but were carefully shorn of all power. While the Japanese were swallowing new territory in the north, incensed students made Wang's name synonymous with traitor.

Wang's appointment as "deputy general executive of the Kuomintang" deceived neither Wang himself nor any one else in China. Wang had become a "has been," lost in the shadow cast by Gen. Chiang. To return to the limelight, Wang had to resort to a desperate stratagem.

Whether Wang has had connection with the disgruntled corrupt elder politicians and militarists who were overthrown by Gen. Chiang Kai-shek and the Nationalists, or with the handfull of old compradore-type merchants and industrialists in the foreign concessions, who would make peace with the Japanese in order to save their properties, is difficult to say. In the past Wang has been none too particular about his alliances; likewise he has not shown much political perspicacity, witness his link-up with the so-called "Northern Coalition," just prior to its collapse in the face of the pooled political and military interests of Gen. Chiang Kai-shek and the Manchurian "Young Marshal," Chang Hsueh-liang.

To understand the interplay of social forces in China today it is necessary to take a look back, to the ante-bellum days. When Gen. Chiang broke with the Chinese Communists and Russia in 1927, he found his backing in the rising financial and industrial group, in landlords, badly frightened by propaganda about the Communist policy of expropriation, and in officers, most of whom hailed from the Whampoa Military Academy which he once headed.

This curious bloc of progressive capitalism and reactionary land ownership saw in Gen. Chiang not only its saviour from the "red menace," but also a Messiah who would lead the nation from a state of extreme clan-

nishness into the promised land of nationalism, with its peace, order, efficient government, better communications and prosperous trade.

In the decade which followed the establishment of the national government, it was this bloc which favored submission to the Japanese demands and a simultaneous suppression of domestic communism.

Paradoxically, however, it was the nationalism which the bloc fostered that in the end nullified its program. Six years of active aggression by Japan have given birth to a patriotic movement for vigorous resistance to Nippon's arms and plans. This movement, in turn, supplied the impetus for the creation of the Popular Front, which advocated the termination of the Government-Communist "civil war," in favor of a war on Japan.

In December, 1936, the volcano erupted. Gen. Chiang was kidnapped by his own subordinates, ostensibly engaged in fighting the Communists, and asked to reverse the Government's policy.

What transpired in Sian in those eventful 13 days the world will probably never know. But when Gen. Chiang returned to Nanking in his captor's plane, the Government all but abandoned its anti-Red campaign, virtually legalized the "Popular Front" and assumed a stiffer stand towards Japanese intrigues in North China.

Alarmed lest China should become sufficiently strong to protect her territory with armed force, the Japanese Army struck in July, 1937. The Army's hope of cowing China into submission by a display of military might in the northern provinces was, however, dashed to the ground in Shanghai five weeks later. A local incident became a national war.

The war was not of the bloc's making. It required no gift of prophecy to realize that the hostilities would almost immediately result in an expansion of the influence of the Communists, who alone in the country possessed the mastery of guerilla warfare and propaganda methods among the peasants so indispensable in resisting Japan.

Tokyo generals, however, were more efficient in the use of weapons of destruction than in evaluating social processes. Japanese aircraft swooped upon Chinese factories and mills and blew China's infant industry into smithereens. Japanese guns went on a rampage of senseless destruction. Nipponese soldiery committed unprecedented barbarities whose climax was reached in Nanking.

Japanese bombs and bayonets within three brief months virtually erased the bloc from the Chinese political map. The only group that could have helped the Japanese to terminate the war was destroyed. The influence the bloc once wielded automatically fell into the hands of the patriotic "Popular Front," determined to fight till the bitter end.

The blow to the bloc was simultaneously a blow to Wang Ching-wei. His pleas to stop the war and to accept Japan's aid in combating Communism were calmly ignored. That he was given a high, albeit titular, post in the War administration could only be ascribed to the desire of Gen. Chiang,—a seasoned politician,—to avoid all indications of a swing Communist-ward.

But deprived of its possessions and displaced in the Councils of State, the bloc was not yet dead. Feeling that half a loaf was better than no loaf at all, a few industrialists yearned to return to their Japanese-held plants and accept the Nipponese offer of "joint" operation.

Some landlords, in the safety of Chungking and Kweilin, hoped to return to their lands in Japanese-controlled territory and regain possession of their property. A section of the Government bureaucracy, probably also watched with acute apprehension the steady growth of Communist influence.

It is of these groups that Wang sought to become the spokesman. It is to them, therefore, that he addressed his appeals for peace and subsequent rapproche-

ment with Japan; it is to them that he gave naive assurances that the "far-sighted statesmen" in Tokyo meant no harm and the Japanese annexation of Inner Mongolia "was merely a part of the world crusade against Communism."

Wang probably is no longer personally important. The Chinese newspapers with justice describe him as a "political suicide." He has, however, become a symbol, a barometer by which Tokyo, and other Powers, can measure the strength of Chinese resistance.

If the bloc dares public wrath to come out openly in support of peace with Japan,—and survives the experience,—Wang will return to the limelight. If, however,—as seems likely at this moment,—patriotism holds its own against considerations of profit, Wang can hope for nothing better than a precarious and inglorious berth on one of the innumerable Japanese-sponsored regimes in the occupied territory.

Dr. Hu Shih, Chinese Ambassador to the United States, recently delivered an address in which he pointed to the similarity between the American revolutionary struggle for freedom and the present Chinese struggle against Japanese aggression. The full text of his address has not, as yet, been published here, but one element in the American revolution fits in perfectly with the present picture in China. The American rebellion against the mother country started with the merchants, ship-owners and small industrialists of the New England coast who resented England's interference with their trade. The American merchants therefore financed the beginning of the war with great enthusiasm, but their enthusiasm cooled considerably when the situation became desperate and it looked as though Gen. George Washington's ragged revolutionary army would be defeated. By that time, however, the revolution had gotten out of the hands of the merchants and had become a radical struggle of the whole people for political and economic freedom. Many of the moves advocated by present day Chinese, such as "training the people to resist," "development of cooperative industries," and such moves, were "old stuff" in the American revolution, although they had different names such as the "vigilantes," "minute-men," "committees of correspondence," and so on. The war was carried on—and won—on this basis, despite the intrigues of traitors who tried to undermine Washington and the patriots and make peace with the enemy. Another point of similarity—as the war developed into an extended struggle and the situation in Europe became more critical, British statesmen became more liberal in their attitude and finally offered the colonists everything they wanted, but the situation had gone too far and colonial radicalism would accept nothing short of full independence. But British liberalism, born of the struggle with the American colonists, was not lost and ultimately benefitted other British colonies. There was considerable truth in the statement that the obstreperous American colonists taught England how to rule colonies and thus paved the way for the later prosperity of the world-encircling British Empire. Is it possible that the parallel in the struggle between the American colonists and their mother country may continue to the ultimate Chinese victory which may have the effect of teaching the Japanese to become decent, law-abiding citizens of the "new paradise" in Asia which they allegedly are trying to create?

Great Increase in State Aid in Japan

The number of relatives of soldiers serving in China, who are receiving state aid in Japan, has increased from 1,125,000 in April last year to 1,558,000 in November, according to revelations in the Diet this week. Families receiving Government relief had increased from 334,000 in April to 424,000 in November. The first bill to pass the lower house of the chamber was an additional appropriation of Yen 16,500,000 to meet the deficit in the relief fund for families of soldiers and sailors on the China fronts.

Strange Developments in U. S. Spy Trials

While interest in the United States was centered on the trials and convictions of Germans accused of espionage activities in the United States, there was an interesting development in connection with the arrest of two alleged Russian spies at Los Angeles on Dec. 14. As soon as the arrests were made, the Soviet Vice-Consul at New York, Mikhail Ivanovich Ivanushkin flew to Los Angeles to arrange the high bond of U. S. \$25,000 required for each of the suspects. The vice-consul was sent to Los Angeles by Constantin Oumansky, Soviet Charge d'Affaires and Acting Ambassador in Washington.

The two men arrested were Maxim Gorin, former attache of the U. S. S. R. Consulate in Los Angeles and now manager of the office of the Intourist Travel Bureau; and Hafiz Salich, who was born in Moscow, but is now a naturalized American citizen. After serving as a policeman in Berkeley, Salich was loaned to the U. S. Naval Intelligence Department because of his proficiency in reading the Japanese language. He resigned this position in May 1938.

The two men were charged with stealing U. S. naval defense secret plans. It was alleged that they took technical information concerning the U. S. fleet from the naval bureau and also took naval records of Japan's secret plans for mobilizing her citizens in the United States in time of war—secrets which the United States authorities had previously obtained in Japan.

The German Consul, Herr Kurt Lindenberg, stationed at Cristobal, Canal Zone, voiced extreme displeasure with the pro-

ceedings in the trial of two German spies arrested and convicted for obtaining strategic military information about the Panama Canal Zone. Both German spies were also charged with supplying secret information to the Japanese Government. The two men, Hans Heinrich Schachkow and Ernest Kuhrig, were each given two years imprisonment. Two others who were arrested for photographing coast defense works, Robert Gross and a girl Ingeborg Gutmann, are awaiting trial. The prisoners were granted 60-days in which to appeal their cases to a court at New Orleans, but refused to accept the offer. The German consul remarked, "So that is democratic justice." He said that such a trial in Germany "would have been based on facts." The U. S. district attorney at Cristobal, Joseph J. McGuigan, charged that the German spies were working under the orders of the German consul when they passed the sentries at Fort Randolph at the entrance to the Canal and "took pictures to be used against the United States." The jury which heard the case deliberated about two hours before returning the verdict.

The German-born American citizen, George Joseph Roth, who was sentenced to 6-months imprisonment at Hamburg, Germany, on Jan. 14 was charged with "preparation for high treason," in the German high court. Roth was employed as a steward on board the United States liner Washington which called at Hamburg on Nov. 29. The Nazi police charged that when a German stoker called on Roth, he had been handed a communistic paper by the American sailor. It was alleged that the paper "aimed at overthrowing the present German Government!" Roth was detained 6-weeks before being brought to trial. The trial was attended by the American Consul-General Wilber Keblinger and Vice-Consul Sabin J. Dalferes.

Generalissimo Will Head People's Political Council

WHILE strict secrecy is being maintained regarding the proceedings of the 5th Plenary Session of the Central Executive Committee of the Kuomintang now being held at Chungking, it is generally believed that important changes in the personnel of the Party and the Government will shortly take place. As in the case of the Emergency National Kuomintang Congress held at Hankow in March last year, proceedings and decisions of the current C.E.C. meeting are not expected to be made public until after its close. This step is being taken in order to assure that deliberations of the Session may not be interrupted by possible Japanese air raids.

One of the important decisions which has become known was the appointment of General Chiang Kai-shek, chief executive of the Kuomintang, to the concurrent post of president of the People's Political Council, in succession to Wang Ching-wei, who was recently dismissed from the post. This decision was reported to have been taken in order to show the Generalissimo's support of democratic principles in China and also because of recent rumors regarding a new candidate for the post.

General Chiang's assumption of the presidency of the Council is expected to be universally popular, as it tends to strengthen the link between the people and the Government, for which purpose the Council was created. Although the Council has no executive power, its importance is evidenced by the fact that it can make recommendations to the Government, which the Government must consider.

General Chiang's new appointment has been officially announced by the National Government in a circular dispatch. In the name of the Council, Dr. Chang Po-lin, vice-president, has addressed a message to the Generalissimo, welcoming him as head of the Council.

Other Changes Made

General Chang Chun, vice-president of the Executive Yuan, has been appointed concurrently secretary-general of the Council, replacing Dr. Wang Shih-chieh.

Several other changes in the Party and the Government are expected to be effected after the Session. Hsu Shih-ying, former Chinese ambassador to Japan and now chairman of the National Relief Commission,

is said to have been slated for the post of vice-president of the Executive Yuan, succeeding Gen. Chang Chun. Chen Li-fu, Minister of Education and director of the Social Affairs Department of the Kuomintang headquarters, is to be relieved of one of these posts. Gen. Wu Te-chen, until recently chairman of the Kwangtung Provincial Government, will be appointed director of the Central Publicity Department, with Hsiao Tung-tsi, director of the *Central News Agency*, as deputy director. Chow Li-sheng, director of the Organization Department of the Kuomintang, has resigned from his post and Yu Ching-tang, former Commissioner of Civil Affairs of the Kiangsu Provincial Government, is mentioned as his successor.

The agenda of the Session is understood to include many important items, among which are: expansion of the military machinery, consolidation of national defenses, coordination of the mobile units in the guerrilla zones, mass mobilization, development of the frontier provinces, and closer relations with the Powers.

In view of the varying interpretations placed on the *San Min Chu I* (Three People's Principles) that have led to some confusion in the minds of the people, General Chiang is expected to clarify at the Session, once and for all, their meaning in the form of a commentary. General Chiang's interpretation of the principles of "Democracy" and "The People's Livelihood," it is stated, will reveal new aspects of "China's efforts to free herself from the past." Incidentally, it is also suggested, the interpretation may have the effect of minimizing the conflict between the *San Min Chu I* and the principles of other political parties.

It is generally held that no important political decisions will be taken at the Session, as the national policy of prolonged armed resistance against Japanese aggression has already been fixed and does not permit of any revision.

A stirring appeal to the Chinese gentry and intelligentsia to assist the Government in enforcing military conscription and promoting economic reconstruction during the campaign of prolonged resistance was made (Jan. 19) by General Chiang Kai-shek in a circular telegram. The success of the campaign, General Chiang pointed out, depended on the maintenance of the morale

of the masses and the enhancement of the military strength of the nation. National salvation was the common task of the entire people, but it was especially incumbent on the members of the gentry and educated persons, as leaders of the masses, to devote their efforts to this task, General Chiang said. They should set a worthy example for the people and exert their utmost for the elimination of all social evils so as to facilitate the attainment of ultimate victory.

Commenting on the C.E.C. Session, the *Chung Mei Jih Pao* stressed the importance of the meeting at the present time, when the military and international situation was gradually developing in favor of China. The paper offered the following suggestions: strengthening of China's internal organization, formulation of a definite foreign policy, development of the Southwest and intensification of guerrilla warfare.

The *Morning Leader* urged closer cooperation between the Kuomintang and all other political parties which have pledged themselves to abide by the Three People's Principles. The paper advocated the creation of a new organ for the purpose of readjusting the views and policies of the various political parties in order to reduce friction and enhance national consolidation.

Post for Chou En-lai

Chou En-lai, prominent Communist leader, is likely to be appointed a member of a new Central Party and Political Affairs Commission which will be created by the present C.E.C. Session, according to a Hongkong report. The new commission will be composed of seven or eight members, of whom four are to be chosen from the Kuomintang and the rest from the Communist Party.

In view of the C.E.C. Session, many provincial leaders are now assembling at Chungking. Among those participating in the deliberations are Gen. Pai Chung-hsi, director of the Generalissimo's Headquarters for the Southwest, Gen. Huang Shu-chu, chairman of the Kwangsi Provincial Government; and Dr. C. T. Wang, former Chinese Ambassador to the United States. Besides attending the Session, Dr. Wang is reporting to the central authorities, on the international situation. Dr. Wang declared that American assistance to China would increase with the stronger resistance now being put up

by the Chinese and also with the increased Japanese discrimination against American trade in China.

Commenting on the occasion of the 15th anniversary (Jan. 20) of the First National Congress of the Kuomintang at Carlton under the leadership of Dr. Sun Yat-sen, the *Hsin Hua Jih Pao*, Communist organ at Chungking, emphasized the historical significance of the occasion because the Congress was marked by a reorganization of the Kuomintang, cooperation with Soviet Russia and with the Chinese Communist Party. "Today, fifteen years later," the journal said, "General Chiang Kai-shek is leading the nation in a war of resistance. A brighter and more glorious future awaits the Kuomintang. We hope also to support the successful accomplishment of the Kuomintang's important mission."

In view of the presence of General Chiang at Chungking, the Chungking Provisional Headquarters of the Generalissimo was abolished on Jan. 17. Gen. Chang Chun, director of the headquarters, has been transferred as secretary of the Military Affairs Commission. Two new Provisional Headquarters have been established at Chengtu and Tatsienlu, with Gens. Ho Kuokwang and Teng Ming-chieh as directors, respectively.

Wang Keeps Silent

Although agents of Wang Ching-wei, expelled Kuomintang leader, are reported to be active at Hongkong and Shanghai, Wang himself remained reticent during the past week. Several reports of Japanese origin claimed that a possibility of cooperation between Gen. Chiang and Wang still existed, as an attempt was being made by certain intermediaries for a reconciliation. Tu Yueh-sen, well-known Shanghai banker, now in Hongkong, was alleged to have visited Wang at Hanoi and expressed the view that Gen. Chiang and Wang might readjust their differences, if Wang paid due consideration to the "difficulties confronting Gen. Chiang" and put his peace proposal through regular channels. It was also alleged that Dr. C. T. Wang and Hsu Shih-ying also called on Wang at Hanoi and advised him to go abroad.

Lin Pai-sheng, Wang's publicity agent at Hongkong, who was responsible for the release of Wang's recent peace statements to the press, was the target of an attack at Hongkong by two unknown assailants. Lin suffered serious injuries in the head and one eye. One of the assailants was arrested and the Hongkong police offered a reward of \$250 for the arrest of the other.

Mei Shih-ping, formerly magistrate of the Kiang-Nin Experimental Administrative District near Nanking, was reported to have arrived at Shanghai as Wang's agent to contact the Japanese.

Despite the strong appeal for an embargo on the export of airplanes and petroleum to Japan and a boycott of Japanese goods made by Dr. Wellington Koo, Chinese delegate to the 104th Session of the League Council, the Session ended without reaching any decision on concrete action. As a face-saving measure, the Council reiterated its threadbare resolution, appealing to member-states of the League to extend individual aid to China along the lines suggested by the Chinese delegate.

League Weakness Shown

Commenting on the League resolution, Chinese newspapers at Shanghai expressed the view that the resolution not only further emphasized the weakness of the League in the eyes of the world, but also manifested the lack of courage of the member-states, particularly Great Britain and France, to face the Japanese in fear of being involved in a war. If the Powers having interests in the Far East wanted to safeguard their rights and interests in China, the papers said, China's latest proposals to the League

should be accepted without reserve and effectively enforced.

Reports from Tokyo alleging that Dr. Wellington Koo, Chinese ambassador to France, would be appointed Foreign Minister, replacing Dr. Wang Chung-hui, were officially denied by the Chinese embassy at Paris. The embassy in a statement disclaimed any knowledge of the Japanese report. Chinese authorities at Chungking also issued a statement, characterizing the report as absolutely groundless.

The Shensi and Hunan provincial governments were reorganized. Gen. Chiang Ting-wen, chairman of Shensi, retained his post, but several commissioners of the provincial departments were replaced. Gen. Hsueh Yoh, acting commander-in-chief of the government forces in the Hunan area,

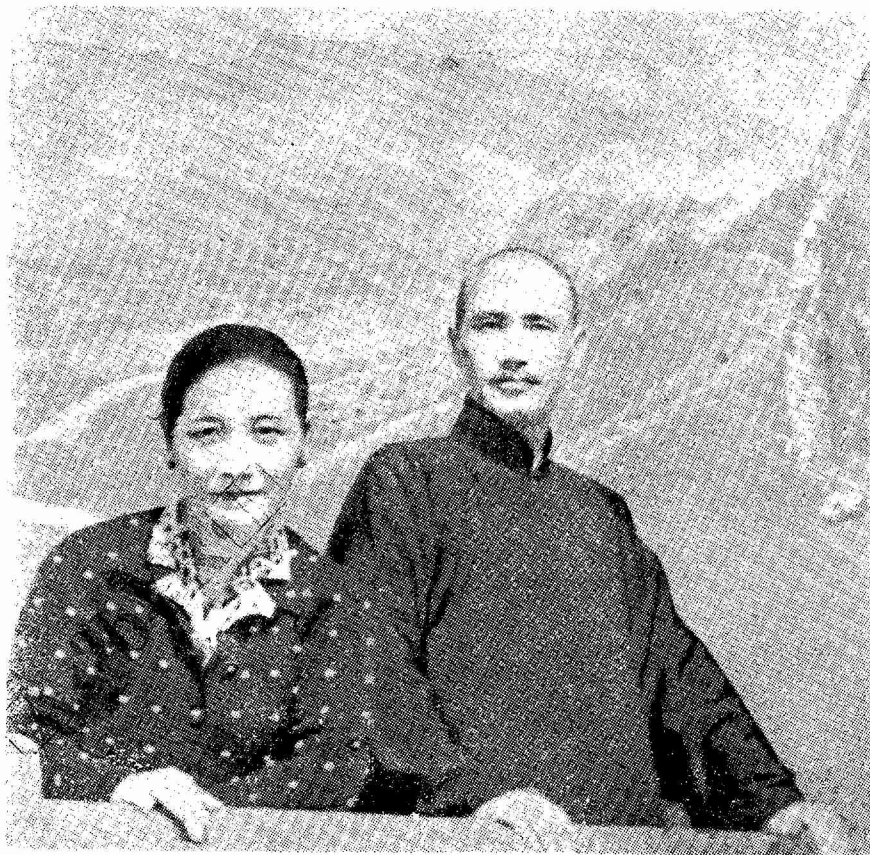
Cheh-yuan, formerly commander of the 29th Army.

Chang-chia Hutuketu, "Living Buddha" of Chinghai (Kokonor), arrived at Chungking from Chengtu. The Chinghai dignitary will make a report to the central authorities on the results of his work among the Mongolian banners.

Li Kwei-ling, magistrate of Hsiatsin district, in Shantung, who was killed while resisting a Japanese attack, was eulogized in a government mandate for loyalty and meritorious services.

According to a prominent economist in Shanghai, the cost of the present war to China amounts to \$2,000,000,000 in a year. Imports of arms and ammunition alone are estimated at \$500,000,000. China's financial structure remains sound, despite

The Generalissimo and Madame Chiang



—Asia Magazine

was appointed concurrently chairman of the Hunan Provincial Government, succeeding Gen. Chang Chih-chung who had resigned on account of the Changsha fire disaster two months ago. Gen. Chang is on his way to Chungking, where he will be given an important post in the Military Affairs Commission.

Gen. Huang Shao-hsiung, commander-in-chief of Chinese forces in Chekiang, was alleged to have been recalled by Gen. Chiang Kai-shek to Chungking because of his failure to capture Hangchow, according to Japanese report.

Military Appointments

In recognition of their meritorious services, Gen. Wei Li-huang, vice-Commander-in-chief of the government forces in the Second War Zone (Shansi) and Gen. Sun Lien-chung, hero of the Taierhchwang battle, have been appointed commander-in-chief and vice-commander-in-chief respectively of the First War Zone (Honan). Gen. Wei succeeds Gen. Chen Chien, who has been transferred as director of the Generalissimo's headquarters for the North west, while Gen. Sun replaces Gen. Sung

the huge war expenditure, said the economist.

Over £20,000,000 in foreign currency was received by the Chinese government in the past year as a result of the increased export trade, according to a *Sin Wan Pao* report. The foreign money, mostly obtained by export firms, was handed over in its entirety to the National Government in exchange of legal tender notes in accordance with the regulations governing the control of import and export during the period of the war of resistance. The government also spent large sums of money to facilitate the transportation of native products to the sea coasts for export. Export of wood oil and mineral ores this year is expected to bring large profits to China.

Forming Cooperative

With a view to improving the financial condition of the farmers in Szechwan, the Bank of China and the Central Credit Bureau have decided to organize 14,000 cooperatives in the province. According to present plans, \$20,000,000 will be extended to the farmers as credits through these cooperatives.

In order to prevent the smuggling of

Japanese goods into the interior, the Ministry of Economics has established an Enemy Goods Examination Committee. A ban on the export of copper and iron has been instituted by the Military Affairs Commission, so as to prevent shipments of such supplies to Japan.

According to figures recently released by the Chinese government, in the nine provinces nominally under Japanese occupation, the Chinese authorities are still in control of about 93 per cent of the Districts. The nine provinces included in the survey are Kiangsu, Chekiang, Anhwei, Kiangsi, Shantung, Hopei, Shansi, Honan and Hupeh. Altogether there are 796 Districts in these nine provinces. Of these 489 are completely devoid of enemy troops. Over another 248 Districts, Chinese authorities exercise partial control. These two categories constitute 92.59 per cent of the total area.

Hu Wen-hu (better known as Aw Boon Haw), millionaire industrialist and philanthropist in Singapore, has made a donation to the Central Government for the establishment of 500 primary schools in Szechuan, Yunnan and Kweichow, for the education of refugee children.

Apparently the Japanese in Hankow are experiencing a shortage of Chinese puppets. Major-Gen. S. Morioka, chief of the Japanese Special Service Section in Hankow, who arrived in Shanghai recently, declared that the most difficult thing in connection with the plan for the establishment of a new regime in the Wuhan area was the enlistment of men of talent from various quarters who can command the respect of both the Japanese and Chinese. "As the Wuhan area is in the forefront against Chungking, it is theoretically and politically important to assemble such persons who will overshadow the Chiang Kai-shek regime. We are prepared to welcome all those who are really enlightened and full of aspirations," Major-Gen. Morioka said.

Filipino Soldiers Fire On Group of Japanese

Reinforcements were requested by the authorities of the Island of Luzon, northernmost of the Philippine group, following an incident Jan. 19 between Filipino troops and a group of Japanese, according to a *Reuter* report.

The incident, which, in the opinion of official circles in Manila may have political consequences, occurred at Lauen Ibayat, when 26 Japanese subjects, who are thought to have come from Formosa, were fired on by Filipino soldiers.

The Japanese are alleged to have been pirating lumber. One of the men was wounded, and captured, while the others escaped to a ship, which they reached safely.

The arrested man was brought to Manila and he will be charged with illegal entry pending investigations.

It is understood that the temper of the authorities is rising, as a result of recent alleged violations of Philippine waters by Japanese ships. It is stated that there have been several instances in the past few months of Japanese fishing craft using forbidden grounds.

Guerrilla Leader Said Arrested in Manchukuo

Lo Ming-sing, said to have been appointed Commander-in-Chief of Chinese guerrillas in Manchukuo by Gen. Chiang Kai-shek in May, 1934, has been arrested and committed for trial, according to an official announcement from Hsinking.

Meng Shao-ching, a follower of Lo, also has been arrested, according to the announcement. Both are charged with having wrecked an international train, murdered Japanese military officers and looted villages.

Hongkew Japanese Want Yen Salaries

Japanese white collar workers in Hongkew are putting up a united front in demanding that all salaries of Japanese companies should be paid in Japanese currency, according to the *Tairiku Shimpō*.

Japanese employees in more than 50 stores, factories and other concerns claim that the practice of paying in Chinese currency by Hongkew employers is a "stubborn adherence to old habits and goes against the grain," the Japanese daily declared.

Depreciation of Chinese money and the increasing circulation of Japanese currency in Hongkew are threatening to work a serious hardship on Japanese employees who are still paid in Chinese money, the paper said. Pointing out that the decline and fluctuation in Chinese bank notes, particularly in recent weeks, mean a substantial wage cut, the daily said "grave consequences" were feared if Hongkew employers take an opposing view to that of their employees.

The journal urged every Japanese firm and factory to follow the example of the Japanese Chamber of Commerce and Industry and the Japanese Club, which have started payment of salaries in yen.

Some 200,000 Chinese are officially estimated to be working in Hongkew and bringing Yen 300,000 in wages south of Soochow Creek monthly, the same paper reports.

Sixty per cent of the Chinese are crossing the creek daily to earn their livelihood in Hongkew. Sixty Chinese cross the three bridges spanning the creek every 60 seconds for 12 hours starting at 7 o'clock in the morning. Japanese military and consular authorities in charge of traffic passes were flooded with applications from hordes of Chinese, most of them from Ningpo, Kaoyu and Yangchow. These Chinese offer to work for lower wages than Shanghai natives, the Japanese daily reported.

New 'Peking Man' Discovery Reported

New light may be shed on the origin of the fast-vanishing American Indian through research carried out by two scientists of the Rockefeller-endowed Peking Union Medical College into the remains of the "Peking man," according to a *Domei* message.

The studies were effected by Doctor Franz Weidenreich and Doctor W. C. Pei, who for the last two years have been investigating the traces of ancient Sinanthropus population discovered in caves at Choukoutien, about 30 miles outside Peking.

"The now world famous caves and clefts of Choukoutien housed not only a very ancient Sinanthropus population, but also, though separately, in a cave on top of the hill known as the Upper Cave—a quite different population who lived there at a much later period," Dr. Weidenreich is said to have revealed.

"Skulls with the appearance of Melanesian, Eskimo, and even primitive types similar to the old men of the Upper Cave are not infrequently found among pre- and post-Columbian American Indians.

"Analogous findings at Choukoutien prove that long before any emigration from Asia to the New World took place, some types which compose the American native population were settling in or migrating through the eastern part of Asia. "People with a good imagination may think we had the luck in Choukoutien to catch the first Indians on their way to a new continent," he reportedly added.

Motor Trucks for China Detained at Haiphong

The Ministry of Foreign Affairs in Chungking is negotiating with the French authorities in Indo-China concerning the passage through Indo-China of motor-trucks imported by the Chinese Government, according to the *Kuo Min* agency.

Recently, more than 400 trucks, ordered by the Chinese Government from the United States, arrived at Haiphong but were held up by the French authorities. Following negotiations, the French authorities permitted the passage of 200 of the trucks, but are still detaining the remainder of the vehicles.

The Chinese are continuing their negotiations, on the basis of the agreement concluded between China and France in 1930. According to this agreement, France agreed to give preferential treatment to Chinese commerce, and also to exempt Chinese government supplies from import duty while in transit through French Indo-China.

Japan Review to Be Prosecuted in Tokyo

Charges of violating publication laws are being considered against the *Nippon Hyoron* (Japan Review) by the procurator's office in Tokyo in connection with the publication of four books written by Professor Eijiro Kawai, economics professor at the Imperial University, states a *Domei* report. The published volumes were banned by the police some time ago.

China to Receive Big British Currency Loan

Arrangements are being completed for the granting by the British Government of a loan of £3,000,000 to be utilized for supporting Chinese currency and stabilizing exchange, according to the London *Daily Herald*. The *Reuter* agency reports that the question of financial assistance to China is receiving careful consideration in London.

Chamber of Commerce Organized in Peking

Having as its object the promotion of Sino-Japanese economic cooperation and North China economic reconstruction, a Peking Sino-Japanese Chamber of Commerce and Industry will hold its initial meeting in Peiping on Jan. 30.

Sponsored by the Japanese and Chinese Chambers of Commerce, the chamber will maintain close contact with various organizations under the jurisdiction of the Provisional Government and other public economic groups in Japan and Manchukuo. The new chamber will be lodged temporarily in offices of the Society of Former Chinese Students in Japan.

K. P. Chen Promotes U. S.-China Cooperation

K. P. Chen, Shanghai banker who negotiated the U. S. \$25,000,000 loan in Washington recently, is now planning the organization of a \$10,000,000 "Commercial Recovery Corporation," according to a *Kuo Min* report from Chungking, Jan. 22. Mr. Chen will be chairman of the Board of Directors of the corporation which will have branches in New York, London and Hongkong. The chief object is to promote China's exports during the war. It was stated that Mr. Chen planned to return to China shortly.

Chungking Tribunal Tries Nipponese Spy

Kensaku Shiomi, chancellor of the Japanese consulate in Hanoi, French Indo-China, who was seized by Chinese troops when he strayed into Kwangsi territory last Dec. 29, has appeared in Chungking for trial before a military tribunal on a charge of spying, according to reports from China's provisional capital.

The Japanese official was seized at Cheng-nankwan, well within the Chinese frontier, it is said. He was found in possession of various documents and notes containing data about Chinese garrisons and the new lines of communications in the southwest. Statistics concerning the movement of Chinese war supplies were also found in his notebooks, it is declared.

When taken to Kweilin, it is reported, he emphatically denied the charges and contended that he had crossed the border by mistake. After further questioning, however, he is said to have confessed to the charges. Escorted by an armed party, he was sent to Chungking for trial.

A few days after Shiomi was seized, the Japanese consular authorities at Hanoi approached the French Indo-China authorities demanding immediate steps to obtain his release. The Japanese contended that his official was captured inside the French Indo-China border, some 200 yards from the frontier. A party of Chinese soldiers dashed across the frontier and "kidnapped" the vice-consul, it was alleged.

Cossack Leader Seeks Nazi Aid for Scheming

General Pieti Popov, Ataman of the Don Cossacks, left Prague for Berlin Jan. 19 to request German support for his anti-Communist policy, according to a *Havas* message from the Czech capital. General Popov aims to achieve Cossack independence.

While in Prague he conferred with the Czech Foreign Minister, Dr. Frantisek Chvalkovsky, and General Omeljanovich Pavlenko, leader of the Ukrainian War Veterans. He reached complete agreement with these leaders, it was reported, in discussions upon Cossack and Ukrainian independence projects.

General Popov will meet other Ukrainian leaders in Berlin for further conversations.

More than usual interest is attached to the Cossack commander's trip to Berlin because of Reichsfuehrer Adolf Hitler's impending January 30 speech, Dr. Chvalkovsky's January 20 visit to Berlin and the Warsaw visit by Herr Joachim von Ribbentrop, German Foreign Minister, on January 25.

Japanese Suspected of Espionage in Singapore

Three Japanese, described as employees of the South Manchuria Railway on a holiday visit to Singapore sailed for Japan on board the German liner *Gneisenau* Jan. 20 after being questioned by Singapore authorities on suspicion of espionage.

They were the principal figures among several Japanese who were investigated by the police. Several Japanese residents were taken into custody for questioning by the special branch of the police following raids on Japanese houses, firms and hotels.

Documents and books were seized by the police for close examination. Inquiries, including the study of documents, which are proceeding, were said to concern espionage activities.

The three S.M.R. employees arrived in Singapore after having crossed Indo-China and Siam. Two of them also were reported to have spent some time in Batavia.

No More Northern Cotton for Shanghai

No further shipment of any North China cotton to Central China will be allowed by the northern puppet authorities up to the end of March this year, the Japanese press reports.

During the first three months of this year, altogether 1,480,000 piculs of raw cotton are expected to become available in North China. Of this amount, 800,000 piculs are to be shipped to Japan, while the remainder is to supply the North China cotton mills.

During the following period, April-August, another 1,420,000 piculs of raw cotton will be forthcoming in North China, and allotments of this cotton are to be made early this spring. In all probability, Shanghai will also not be allowed any share of that cotton.

Japanese mill-owners in North China show alarm over the new cotton allotment, which has been made to them. This allotment falls considerably short of the demand for cotton.

Japanese and Chinese mills in Tientsin and Tsingtao, as a consequence, will have to curtail their operations by approximately 40 per cent, according to Japanese papers.

In the cotton imports of Japan proper last year, British India led with the United States and Brazil following. China was fourth.

Total Japanese imports of raw cotton amounted to 1,148,773 bales last year, whereof 467,020 bales came from British India, 336,974 bales from America, 185,555 bales from Brazil and 75,834 bales from China.

Japanese cotton mills in Shanghai, representing the largest Nipponese enterprise here, are operating at almost full capacity despite serious damage suffered during the hostilities, a survey by the Rehabilitation Section of the Japanese Naval Special Landing Party has revealed, according to *Donci*. Particularly heavy losses were sustained by the Toyoda Mills on Brenan Road, which were occupied by Chinese troops and later burned, the report recalled. Ten of the biggest factories are employing 1,564 Japanese and 66,726 Chinese at the present time, the report said.

50,000,000 Copper Coins Being Sent to Shanghai

The Ministry of Finance of the Chinese government is to send 50,000,000 one-cent coppers to Shanghai before the Lunar New Year. Although the exact date for their arrival could not be ascertained, it was reported that the Ministry aimed at solving the copper shortage problem in Shanghai which will become unusually acute during the Lunar New Year period before the middle of February.

The sending of more coppers to Shanghai was recently requested by the Shanghai agents of the Central Bank of China, who deemed it necessary in view of the fact that already there are not enough coppers to go round. Some weeks ago, to comply with the same bank's request the Ministry sent 5,000,000 one-cent coppers to Shanghai.

New Asia Hotel To Become Gaming House?

The New Asia Hotel at the corner of North Szechuen and Tiendong Roads in Hongkew, is to be converted into a gambling house and brothel, according to the

Wen Hui Pao, which reported Jan. 22 that the building was undergoing alterations. The Shanghai office of the "Reformed Government," said the paper, will remain in the building.

Japanese Military Hold Chinese Woman Doctor

Dr. Mi Ting, woman superintendent of the Peiyang Women's Hospital at Tientsin, together with her nephew and her chauffeur, was arrested by the Japanese military authorities on Thursday, Jan. 19 and has since been detained. She has not been permitted to communicate with friends but on Saturday, Jan. 21, members of her family received a letter from her requesting blankets, clothes and other necessities. No announcement of her detention or the cause was made by the Japanese military, but a telegram from Chungking alleged that Dr. Mi Ting had refused to permit the doctors or nurses at her hospital to neglect their patients in order to march in parades ordered by the Japanese military authorities. Dr. Mi Ting is a graduate of the University of Michigan and is well known in medical circles in the United States. She has long been active in social service work in the Tientsin district.

China's Culinary King Dies in Chungking

The "uncrowned king of all the cooks" in China died in Chungking Jan. 23. He was Huang Ching-lin, 64 years old, and a scholar, who once cooked for the Empress Dowager. He suffered shock when Japanese planes bombed China's provisional capital Jan. 15 and never recovered.

Huang Ching-lin was probably the most independent of all the cooks in the world. The date and time of a dinner had first to be fixed by him, while the list of guests had to be submitted to him for his approval.

He selected the dishes to be served and fixed his own prices for them. He only cooked in his own house, where the dinner was always served. Moreover, he only cooked once a day and for only one table.

Guerrillas Seize Nippon Soldiers on Hungjao Road

Indicating the closeness to urban Shanghai of Chinese guerrilla forces, four Japanese soldiers were seized from a military truck at the corner of Hungjao and Rubicon Roads last Sunday morning, and carried away to some unknown destination, according to reliable reports. The precise circumstances of the ambush could not be ascertained, but the truck from which the soldiers were seized was left at the scene the whole day Sunday, it was learned.

Generalissimo's Son Trains New Army in Kiangsi

Contrary to press reports that he had left Kiangsi and arrived at Chungking by a circuitous route, Major-General Chiang Ching-kuo, eldest son of General Chiang Kai-shek, president of the Military Affairs Commission, is still "somewhere" in Kiangsi, states a *Kuo Min* report. Major-General Chiang, it is learnt, has recruited and trained a new army of 10,000 men, composed of young and hardy peasants in Kiangsi.

Japan's Aims in China Reaffirmed in Diet Oratory

WAR AGAINST POWERS HINTED IN DIET

In the Lower House of the Diet on Jan. 23 Premier Hiranuma proclaimed Japan's determination to strike back at any power which invoked economic sanctions, saying that "we are prepared to overcome any obstacle placed in our way in executing our policy in dealing with China."

War Minister Itagaki told the Diet Jan. 25 that while Japan was concentrating her entire resources for attainment of the objectives of the China campaign, preparations were also being made for possible war with Russia. The Japanese army had no intention of attacking the Soviet Union without provocation, he said, but was prepared to deal with any aggressive Soviet action.

The Tokyo "Kokumin Shimbun" said political quarters close to the Japanese foreign office were talking of the possibility that Prime Minister Neville Chamberlain or some other prominent British statesman might be invited to Tokyo to discuss the Far East situation. Newspapers also hinted that the ex-premier, Prince Ayamaro Konohe, might resign his post of minister without portfolio in the Hiranuma cabinet.

REAFFIRMATION of Japan's intention to proceed unswervingly with her plans for the creation of a "New Order in East Asia" in spite of the protests of the Powers whose interests in China are being destroyed thereby, formed the core and substance of a spate of oratory before the two Houses of the Japanese Diet last week-end and during the early part of this week. Supporting the statements of the militaristic politicians now in control of Dai Nippon's policies, the Japanese press indulged in an unusual amount of editorializing on the subject of the "New Order."

Premier Baron Kiichiro Hiranuma started the ball rolling last Saturday with a Diet speech in which he declared that "Japan's final goal in the China hostilities does not lie simply in the achievement of military victories, but in the establishment of a new order in East Asia on a foundation of China's rebirth and mutual cooperation between Japan, Manchukuo and China."

"As long as this goal is not attained, there will be no end to the conflict," he stated, "adding the usual assurance, contradicted by all the facts, that "Japan has no intention of raising unreasonable economic and cultural barriers against the Powers in China. If they appreciate the true intentions of Japan, she would like to have them cooperate with her in the establishment of the new order in East Asia."

Totalitarianism the Need

Outlining the conditions considered necessary for the accomplishment of Japan's aims, the Premier declared it urgent to realize "a speedy increase of our total national power, especially national defenses, and the strengthening and expansion of economic resources, which include Japan, Manchukuo and China. It is the intention of the government to increase production, promote trade, adjust commodity supply and demand in relation to labor, and control commodity prices." These and other measures, he said, were to be taken in order to "concentrate the total strength of the nation upon the execution of national policies."

Turning to the China scene, Premier Hiranuma said: "To those enlightened Chinese who are prepared to assist in the construction of a new China in a spirit of cooperation, Japan ought gladly to extend help so that the Chinese people may be saved from their misery and distress, freed from their old prejudices, and enabled to take part in the historic enterprise of building up a new order in East Asia."

"It is indeed a source of satisfaction that there is evident throughout China today a definite trend toward rebirth and reconstruction, which is due not only to the policies of the Provisional, Reformed and Mongolian Governments, but to the fact that the Chinese masses are beginning to realize the principles governing the new situation in East Asia. For the sake of justice we should use every means to eradicate Communism, which is pervading the Chinese continent to such a degree that the

Nationalist regime is a slave to it."

Threat to Powers

A threat to "deal appropriately" with any Power or combination of Powers attempting to obstruct Japan's schemes was made the following day by the Premier in the course of a general debate in the House of Representatives. Replying to a question, he said the government naturally intended to respect the rights and interests of third-party Powers in China, but added significantly that "there is a limit to such an attitude."

In a two-thousand word address reviewing Japan's foreign policy and foreign problems in general, Hachiro Arita, minister of foreign affairs, reiterated before both houses of the Diet the Premier's statements concerning the new order in East Asia. He attributed world unrest and anxiety to "efforts to maintain a status quo which is actually not in accordance with justice"

toward no other purpose than that of enabling East Asia to function well as a link in the chain of world economy and to contribute to the general prosperity of mankind," he asserted.

"Consequently there will be left open vast fields wherein not only will the rights and interests of other countries and the commercial and other peaceful enterprises of their nationals remain absolutely unaffected, but wherein foreign participation will be really welcome, so that it is confidently expected that the economic activities of other Powers will be more than ever stimulated under the new order," he added.

The Foreign Minister "regretted" that the hostilities in China had prejudiced the individual rights and interests of third-party Power nationals in China or had placed restrictions upon their residence and travel.

"That these circumstances have been unavoidable owing to military necessities is, I believe, appreciated by all," he said.

Mr. Arita expressed the hope that a new Central Government may be speedily organized in China.

"As for the recent flight from Chungking of certain leaders of the so-called peace faction in the Chiang Kai-shek regime," he said, "the Government are watching carefully for consequent developments."

Attacks the Comintern

Declaring that "the Comintern is the arch-enemy of peace and order," Mr. Arita pointed to the civil war in Spain as "the most outstanding example of the activities of the Comintern whose favorite procedure is to utilize a local affair as a fuse to set off a general conflagration in order to Bolshevize the world."

"Maneuvers of the Comintern are both insidious and elusive in Europe and in Asia. Wherever there is any disturbance of peace and order there is invariably to be discovered the hand of the Comintern behind the scenes. Indeed the Comintern is the arch-enemy of peace and order."

"In East Asia, too, Communists were active before the commencement of the present China affair, instigating the Kuomintang government and causing Chiang Kai-shek to pursue an anti-Japanese policy."

"Since the outbreak of the hostilities they have rapidly extended their sway into the inner councils of the Kuomintang Government so as to command positions of leadership in both military and political affairs. The so-called long-term war as well as guerilla tactics have originated in the recommendations of the Communist Party. They constitute a conspiracy which, by sacrificing the masses of China, aims at the postponement for as long as possible of a settlement of the present conflict and by that means at the Bolshevization of China and of the entire world."

"Fortunately, however, the Japanese-German-Italian agreement against the Com-

The Changing East



—London Star.

and to "attempts made from selfish motives to stifle the development of newly-risen Powers."

The Japanese program, he continued, provided for "the construction of a new East Asia upon ethical foundations wherein Japan, Manchukuo and China, while each fully preserving their independence and individuality, will stand united and linked together for active collaboration and mutual aid along all lines of political, economic and cultural activities."

"It is the firm conviction of the Japanese Government that such a new order is not only absolutely necessary for the existence and healthy development of Japan, Manchukuo, and China, but is also conducive to real peace and well-being of the whole world," he added.

Mr. Arita foreshadowed the enforcement of "certain restrictions and regulations" against the activities of third-party Powers "in spheres having a vital bearing upon the national defence and economic independence of the three countries."

'Minimum' Restrictions

"But these measures will be confined to the minimum requirements, being directed

munist International has proved efficacious in checking to some extent in Asia, as well as in Europe, the destructive operations of the Comintern. In the light of experience, we cannot but believe that the more this agreement is expanded and strengthened, the more potent will be the guaranty of world peace. The recent announcement by Manchukuo and Hungary of their intention to participate in the agreement is gratifying as an extension of the anti-Comintern front."

Counter-Measures Hinted

Answering interpellations on China policy in the House of Representatives, Foreign Minister Arita gave replies which, according to *Domei*, "suggested that Japan is firmly determined to consider counter-measures against pressure which might be exerted upon this country by Britain and America." The defection of Wang Ching-wei from the Central Government in China was referred to by the foreign minister, who said that Wang's declarations have had a great influence on third Powers as well as on the Kuomintang government. "The Japanese government," he added, "is not in possession of any information in this regard other than the news reports. The government is watching the results of Mr. Wang's peace moves in the belief that they may prove to be a factor in the disintegration of the Kuomintang regime."

Threats of possible naval action against third Powers, made in the House of Peers Jan. 23 by Admiral Mitsumasa Yonai, navy minister, drew "unrestrained applause," *Domei* reported. Declaring that the "flower and fruit" of a new order in East Asia could not be spared for any others "without justifiable reasons," the minister said that the Japanese Navy was keeping a "vigilant eye" on the attitude of the Powers toward the conflict in China. Definite plans, he added, had already been formulated. In a pamphlet issued several days previously, the Navy Office complained that Chiang Kai-shek's regime, although having suffered a "crushing blow," persisted in its resistance against Japan "simply because Great Britain, the United States, France and the Soviet Union stand behind it."

"Even though long-term reconstruction in China may be no easy task there should be no room for apprehension regarding the successful completion of that task," Finance Minister Sotaro Ishiwatari told the House of Representatives Jan. 21. Japan's emergency financial policies have proven "eminently satisfactory" due to the people's understanding and their cooperation with the government, the Finance Minister declared.

War Casualty Figures

Japanese officers and men killed in action during the last 12 months, Lieut.-Gen. Itagaki revealed in an address before the Diet, numbered 51,000. He placed the total number of Chinese casualties at 2,000,000.

The area in China now under Japanese military occupation, he estimated, was twice the size of the Japanese Empire. While important cities and major communication lines were fully under Japanese control, the War Minister remarked, 400,000 irregulars, many of them "ordinary bandits," were still operating within the occupied territory. He estimated the strength of these Chinese forces at 300,000 in North China and at 100,000 in Central and South China.

Of the estimated 700,000 Chinese regulars who had taken part in the defense of Hankow, 200,000 had been disabled, leaving about 170,000 Chinese troops in the area north of the Yangtze River west of the Peking-Hankow Railway, and approximately 170,000 on the Hunan-Kiangsi front south of the river, the War Minister declared.

Toll of Life in Chungking Air Raid



These pictures, rushed to Shanghai by airmail, tell their own story of the Japanese air raid on Chungking, China's provisional capital, on January 15, an account of which appeared in last week's issue of the Review. Upper picture shows the stretched out corpses of Chinese workmen killed by an exploding bomb, while below ambulance men are seen carrying one of the wounded to hospital. The center picture affords an idea of how a Chungking street looks a few minutes after the air raid alarm has been sounded.

In addition to these effectives, the Chinese command had at its disposal 300,000 men in northern Kwangtung and 150,000 men in Kwangsi.

Booty captured in 18 months of fighting in China, Lieut.-Gen. Itagaki asserted, included 210,000 rifles, 11,000 machine-guns, 2,600 guns, and 550 tanks and motor vehicles.

In the battle for Hankow alone, he declared, Japanese troops had captured 520 guns, 1,555 machine-guns, 20,777 rifles, and 96 motor vehicles. In Canton, Chinese military equipment that had fallen into Japanese hands totalled 146 guns, 92 machine-guns, 32 tanks, 150 motor vehicles and 3,350 rounds of artillery ammunition.

Chinese dead found abandoned in the Hankow campaign numbered 152,216, while in Canton they totalled 6,370. Prisoners taken during these two operations were 6,046 and 266, respectively, according to the War Minister.

In North China, the Chinese had abandoned 99,738 dead, while 6,745 had been taken prisoner during the July to November period last year, the War Minister declared.

French Deliver Note

A note from the French government was received by the Foreign Office in Tokyo Jan. 19, declaring, in line with the recent American and British notes on the subject of the Open Door in China, that France would refuse to recognize any change which might be made in the established order in China, as covered by existing treaties, without prior consultation with, and approval by, the Powers concerned. Japan's policy in China, said the note, is scarcely compatible with the provisions of the Nine-Power Treaty. France trusted that the Japanese government would make such proposals as it might deem appropriate to the signatories in case it maintained that a modification of the treaty is necessary.

Japan's fundamental policy for readjusting relations with China will not be shaken by the American, British and French notes, the Tokyo *Asahi Shimbun* asserted Jan. 19, adding that the Japanese government does not consider the present an opportune time for accepting the Powers' suggestions for consultation on revision or modification of the Nine-Power Treaty.

The *Kokumin Shimbun* on Jan. 23 advocated extension of the present anti-Comintern pact into a military alliance binding Germany, Italy and Japan, as a means of "paving the way to world peace." With such an agreement, the daily said, Japan could promptly terminate the present hostilities in China by rejecting the interference of third-party Powers, particularly France, Britain and the Soviet Union.

Kenzo Adachi, president of the *Kokumin Domei* (National League), a reactionary political party, expressed the fear that Great Britain would induce other Powers to join in her economic pressure against Japan. "Instead of attempting to reach an understanding with Britain by explaining Japan's real intentions," he said in an address to the party convention, "it is vitally important under the present circumstances to pursue military operations vigorously to crush the regime of Gen. Chiang Kai-shek and to prepare the nation against the worst eventuality."

End of Note Diplomacy

Tokyo foreign office officials, according to *Domei*, are advocating the abandonment of "note diplomacy" in favor of direct conversations in dealing with Washington, because they fear further complications in American-Japanese relations. The method of private discussion, they believe, allows

Japanese Dope-Ring Agent Sent to Jail

Yasha Katzenberg, who served as agent in the United States for Japanese opium and morphine dealers, was convicted in the U. S. Federal Court, Manhattan, New York, early in December, and received a sentence of 10 years in the penitentiary. In addition he was fined \$10,000. John McAdams, a sergeant employed by the U. S. Customs, who conspired with Katzenberg in smuggling narcotics into the United States, received a sentence of seven

years for accepting bribes. The cases were heard by Judge Henry W. Goddard.

Katzenberg was mentioned in connection with disclosures pertaining to Japanese narcotics which were made at the League of Nations several months ago. It was claimed that the "dope-ring" which he had built up had handled narcotics to the extent of U. S. \$10,000,000. As a result of the League disclosures, Katzenberg fled to Rumania, but when that country expelled him he went to Greece and was then handed over to the United States. He finally broke down and asked Judge Goddard for mercy.

Japanese Narcotic Agent in U. S. A.



Yasha Katzenberg

—Time Magazine

more secrecy and a more frank presentation of each other's view. The British note, however, will be replied to in writing "at some opportune time," *Domei* said.

Total Army expenditures for the 1939-40 fiscal year will reach Yen 5,490,000,000, it was indicated in Tokyo as the 74th ordinary session of the Diet got under way after a New Year's recess.

In addition to the Yen 490,000,000 ordinary budget, which will be included in the draft Government estimates, the service will seek a Yen 5,000,000,000 extraordinary appropriation. This probably will be submitted to the Diet early in February.

Prices in Japan and Manchukuo have been moving upward since 1937, contrary to the downward trend in Britain and America, comparative figures released by the Bank of Japan revealed this week.

With 1933 as their basis, the figures show that the average index of wholesale prices in Japan rose from 109 in 1936, to 132.3 in 1937 and to 139.6 last year, respectively. Those in Manchukuo were 106.1 in 1936, 125.1 in 1937 and 149.6 in 1938.

The figures also show that the average index of wholesale prices in Britain was 115.2 in 1936, 131.4 in 1937 and 111.4 last year, while in America it was 122.3 in 1936, 140.2 in 1937 and 118.9 in 1938.

National Registration Starts

Cities and towns all over Japan have commenced national registration of all mining and industrial technical experts and laborers. Employment offices, under government supervision, took charge of the registration. About 3,000,000 engineers and other workers were registered in groups

through their company officials in Tokyo Prefecture alone.

Patriotic Japanese sold Yen 100,000,000 worth of gold to the nation from the time of the outbreak of the Sino-Japanese conflict in July 1937 to the end of 1938, a government survey has revealed. The gold was purchased by the government to boost the nation's specie reserves.

Included among the articles held in a special suspense account in the Bank of Japan are priceless heirlooms of wrought gold, including large sake cups, tea kettles and other household articles. Old coins, worth several times their weight in gold because of their antiquity, were also sold. These articles are being held intact by the Bank of Japan and require the original owners' permission before they can be melted into bricks.

Australian Air Minister Visits Dutch East Indies

The former Australian defence minister, H. V. Thorby, now minister for civil aviation, arrived last week by air in Batavia, having come via Singapore.

It was stated in circles in touch with the Australian government, according to *Trans-ocean*, that Mr. Thorby has been authorized to conduct informal discussions with the government of the Netherlands East Indies about the organization of a common defence in the event of war.

Mr. Thorby is to report to the Australian Government after his return about the result of his deliberations and give his impressions of the role that Singapore would play as a naval base in the event of a conflict in which Australia and the Netherlands East Indies are involved, the German agency said.

The Outlook for Foreign Investment in China

BY NORMAN D. HANWELL (*Asia Magazine*)

THOUGH the current drama of oriental warfare is doubtless far from its final scene, there is already much discussion of what will follow. In particular we note continual speculation as to what role foreign enterprise will be assigned in the important sequel of reconstruction. With neither China nor Japan possessing the great capital resources so vital to reconstruction, it would seem obvious that the part of the outside investor will be a large one, as was the case in Europe following the devastation of the World War. However, physical damage of terrifying proportions, together with uncertainty concerning the future policies of those in control following the holocaust, unite to breed a skepticism as to the profitability of any such venture in China. To be sure, we cannot be pontifical in our predictions but consideration of what has happened, together with analysis of certain already visible tendencies, may furnish a glimpse, hazy though it be, into the possible future for the foreign investor.

Let us assume a victorious Japan: an assumption which I do not deem probable. There are, however, some who do feel that the victory with its spoils will belong to Japan. Should such be the outcome, what opportunities would there be for investment or trade by non-Japanese nationals? Certainly there is every reason to expect a nation which had an unhealthy economy even prior to the invasion of China, and which is suffering further from a strained economy brought on by the expense of the "China Emergency," will be unable to furnish more than a very minor quantity of the capital needed for reconstruction. But does it necessarily follow that supplying Japan with the wherewithal for her exploitation of China will prove profitable to the outside investor?

Japan's Grandiose Plans

This much does seem probable: that the "Open Door" for direct investment will be closed. Reason for this is found in the newly-created or expanded Japanese enterprises. Grandiose plans emanating mostly from Tokyo, calling for the establishing of all manner of monopolies in a wide variety of fields, not only forewarn the non-Japanese investor against venturing into the China sphere but also create a strangling atmosphere for foreign enterprises which have long been operating in areas now fallen under Japanese domination. Shipping on inland waterways is already practically confined to the Japanese-controlled lines which are in many cases operating Chinese vessels "entrusted" to them by the former Chinese owners. In addition to the current "Sino-Japanese cooperation" forced on existing Chinese enterprises there are the tremendous new jointstock companies legally provided for by Japan in large sectors of China. The Central China Development Company capitalized at Yen 100,000,000 is empowered to invest in and finance enterprises relating "to the public welfare and the promotion of industrial development of the region." Such projects include transport, communications, electric power, gas and water supply, mining, aquatic products, and "other enterprises relating to public utility and industry." A larger but similar organization capitalised at Yen 350,000,000 has been created for North China. It is evident that such all-inclusive organizations, semi-governmental in character, cannot but result in the creation of large-scale monopolies a la Manchukuo. With such an outlook is it any wonder the business men of other countries feel that opportunities for profitable investment in

Japanese-dominated districts are precarious?

Many feel with good reason that one of the most damaging prospects facing foreign business in China, should Japan be victorious, is the attempt to link the Chinese currency with the Japanese yen. A Chinese currency tied to the yen bloc would wipe out a large portion of the China trade now held by nations other than Japan. Inevitably the linking would be followed by control and restrictions identical to those already practiced within Japan for the protection of Japan's own hot-house currency. Foreign trade would deteriorate; for as one publicist has pointed out, "the

the wider fields of North and Central China. Certainly there are many Japanese who feel the necessity of obtaining capital from abroad in order adequately to accomplish their lofty plans. The head of one large Japanese venture in China has admitted that "big investments are needed for the economic development of Shanghai and South China. Japan alone cannot make the investments and we hope to obtain low-interest capital from Britain, America and France." Similar statements can be listed until they become monotonous, and they are undoubtedly meant in all sincerity. Needless to say they do not constitute the

sole or controlling force which much be considered. The gentleman already quoted recognized this when he continued by noting that "some (Japanese) oppose foreign investments for the reason that investors would have their own way," adding that when such foreign investors had their own way to too great an extent "we may consider means of remedying the situation." Such a qualification in the form of possible future restrictions on foreign investments cannot but give reason for pause before investing. In addition, when these very monopolies, if successful, mean the destruction of existing foreign business in the newly-monopolized field, we can hardly be surprised that even a Shanghai "diehard" who often has rallied to the defense of Japanese adventurism in China, should feel called upon to remark that "it would be too much to expect foreign capitalists to watch, unprotestingly, the destruction of their interests, and then to finance the exploitation of those interests under Japanese management."



New York Daily News

tightness of these restrictions together with the combined political control which goes with them . . . spells disaster for foreign business in China." Imports from non-Japanese nationals would be curbed in order to maintain the controlled currency thus transferring that business to Japan who could supply many of the imports without damage to the foreign exchange. In addition the already announced program for indemnity and reparation demands from China after the war foreshadows strict monopolistic control of supplies and products suitable for export.

Foreign Capital Sought

Perhaps there are more favorable prospects for indirect investment, that is, the supply of capital to some of these mammoth Japanese monopolies in their government-promoted projects. Efforts to obtain foreign capital for the development of Manchukuo, temporarily in abeyance because funds are unavailable, are likely to be extended to

In contrast we find large, influential groups of Japanese determined that the investment field in China shall be demarcated for themselves. This group, allied with the advocates of "Asia for the Asiatics" (the idealistic way of saying "China for Japan"), is concerned with monopolizing the profits of conquest for Japan. Their self-justification lies in the fact that the profits, if any, are made available by the tremendous expenditure in life and finance entailed in the present military operations. The value of spreading this gospel among the masses of Japan, who bear the brunt of the military activities both in lives lost and taxes paid, is apparent. The declaration that Japanese lives are being given to provide those conditions necessary for foreign investors is a damaging one, and even the idea is likely to have its effect in maintaining the jingoistic nationalism for which Japan is notorious. Such a nationalism is by no means exclusive with the Japanese, but the point remains that its existence in Japan

may have a strong effect upon foreign investments in China, whether it be direct or indirect. Criticism is certain to arise should the belief be established, justly or not, that foreign influence is becoming predominant.

Chinese 'Incapacity'

And, finally, there is a belief among Japanese, long nurtured in the past, that the Chinese are inherently incapable of self-government. The inference is that such a condition calls for outside pressure on the Chinese government, with the inevitable conclusion that this influence should and must be Japanese. Even that authoritative spokesman for Japanese industry, the *Oriental Economist*, has editorially stated that "if only to conduct satisfactorily the economic development and economic cooperation (in China) which is hoped by the Government, Japan will probably need some strong whip hand over China." Such an attitude by one of the least jingoistic of Japanese publications bodes ill for the non-Japanese investor in China, particularly when one reviews the position of the foreign investor in those localities under direct or indirect governmental control of Japan. The case of Manchukuo has occupied the press in the past, and recent resolutions by foreign interests in Japan itself attest to the insurmountable restrictions the foreign business man must endure.

Further occupations of large Chinese cities, Canton and Hankow in particular, have resulted in a stiffening of Japan's attitude for holding China within her orbit of control. China, like Manchukuo, is to be a mere satellite of Japan, in keeping with the current trend of power politics as manifested by Japan's European allies, Germany and Italy. The November statement of Premier Konoye, declaring Japan's aim to be "the establishment of a new order that will insure the permanent stability of East Asia," calls for a "tripartite relationship of mutual aid and coordination between Japan, Manchukuo and China in political, economic, cultural and other fields." One of the primary aims is the realization of "close economic cohesion" throughout East Asia. Whatever the justice of this aim, the desired result can hardly be obtained without the disruption of existing foreign interests or their future prospects in a potential Far Eastern market. At the time of the formal establishment of the Central China Development Company, its new president, Mr. Kenji Kodama, declared that there was no intention of monopoly, nor was there to be any interference with existing foreign interests. He denied the immediate need for foreign capital. Despite statements to the effect that foreign interests are not to be excluded, the actual carrying out of publicized plans by subsidiary monopolies must mean the closing of markets to existing or projected non-Japanese operations.

To sum up, the combination of monopolistic enterprises of an all-inclusive character, restrictive currency control with its inevitable trade limitation, confinement of foreign investment to indirect participation, mass jingoism critical of outside profit from Japanese operations, and the threat of a Japanese "whip hand" over newly-occupied areas, gives rise to a feeling of insecurity insofar as foreign enterprise in a China dominated by Japan is concerned.

Will Japan Win?

Some paragraphs earlier I expressed my personal belief that the result of the present bloodshed will not be a victorious Japan. What support can be found for this conviction? The most obvious indication is the slow advance of the Japanese army, combined with its neglect in consolidating occupied territory. This demonstrates quite clearly the tremendous problem yet facing that army should it seek a complete con-

quest. The geographical inaccessibility of far western Szechwan, Kweichow and Yunnan provinces, except by passing what must prove insurmountable barriers to the Japanese infantry, would alone argue against a complete victory for Japan. In addition, there is always the possibility that border agitation between Japan and Russia, a commonplace occurrence on the Manchurian-Siberian boundary, might move from the stage of sporadic sparks to one of general conflagration. Should such a condition result, the major strength of the Japanese army would probably have to face the more powerful northern foe.

If, then, the result is not to be outright Japanese victory, what is the alternative? One possibility is the existence of a status quo, temporary in essence, by which Japan would control certain already occupied territories, while China would retain her hold upon the remaining interior provinces. Such a status would undoubtedly be an armed truce. Neither faction would be satisfied.

Under such conditions what would be the outlook for the foreign investor in that area under Japanese control?

Probably very similar to that described above should there be a victorious Japan, except that the prospects would be even less secure. It is very unlikely that the existing widespread guerrilla movement behind the Japanese lines would cease with the discontinuance of the Japanese advance. As it stands at present, Japan is able only to hang on precariously to the chief towns and railways; outside of these points guerrilla bands roam at will, constantly inflicting damage upon the Japanese military and their supply lines. Periodic "mopping up" operations are encountered from time to time, but consecutive campaigns reveal that the same towns are being occupied on each occasion. With the advance of a large Japanese force, the guerrillas remain relatively quiet. With the passage of the main force and the reduction of the garrisons, the annoying and costly attacks begin again. It is foolish to assume that these, thoroughly inoculated with the virus of nationalism (in particular anti-Japanism), will cease their activities solely to permit the Japanese to consolidate and construct an economy intended for Japanese profit.

Not only would these guerrillas remain active, but they would be aided and abetted by a Chinese government momentarily free of Japanese pressure but intent on recovering lands torn from Chinese control. The inability of the Japanese to conquer China thoroughly would not be matched by any inability on the part of the Chinese to continue harassing and making Japanese ventures economically unprofitable. In fact, the Chinese from their unconquered base would vow to attack any and every Japanese economic project, as the guerrillas have already done. Such a prospect could hardly be appealing to the investor, even though he be of a mind to invest indirectly through Japanese-managed concerns.

What of the situation in a remnant China

should this alternative come to pass? There is some justification for the prophecy that China would be left with a "government crippled by the burdens of war, set with the task of rehabilitating itself at the cost of an impoverished nation." The combination of widespread destruction by Japanese, of tremendous self-destruction through the militarily justifiable "scorched earth" policy, and of the migration of millions of refugees, must of necessity create a stupendous problem. On the one hand we have the destruction of much of China's productive capacity, and on the other an increase in consumer demand which must be satisfied from the greatly decreased production base. Such a condition might seem to justify the belief of a British "China hand" that "the country-side will again fall prey to banditry and all the disorders with which we are familiar." It is true that early this year anarchy followed the rapid advance of the Japanese down to the Yellow River. For some time there was no government whatsoever. But what do we find in that northern region at the present time? According to independent

Who Said Private Rights?



—Chicago Tribune

investigations of a trustworthy character, not only is there a minimum of chaos, but also a guerrilla-controlled system of solid proportions, more justly founded on majority approval than the regime existing prior to the outbreak of hostilities. If such a movement can grow up behind Japanese lines, is it not even more likely that a similar organization will grow up in Chinese-controlled areas instead of the feared recurrence of banditry and "warlordism"?

Mr. A. E. Marker, chairman of the British Chamber of Commerce in Hankow, in an address earlier this year, stated that "a government in such straits, sorely in need of revenue to support itself, and deprived of a managed currency, will turn in despair to one or the other of the totalitarian systems." I do not adhere to this belief in its political and social aspects. Any tendency toward dictatorship is likely to be more than balanced by the democratization resulting from the propagandizing and extension of influence to the Chinese masses. Under the pressure of war, which demands the whole-hearted support of the entire population, certain rights have been given

to the Chinese peasantry. Once they have tasted the satisfaction of such rights, it is likely that they will struggle to hang on to them. On that account, I think it is improbable that a political dictatorship will result.

If Mr. Marker is referring to certain economic policies current in the totalitarian states, there is reason for concern, certainly from the point of view of foreign enterprise. Current difficulties with the managed currency in China are compelling greater restrictions on the amount of foreign exchange available to foreign traders. The future is likely to increase rather than decrease such restrictions. Resort to barter agreements appears likely, and they will be accompanied by the continued increase of government trading institutions. Trade will become a government or semi-government monopoly.

Foreign merchants, even prior to the outbreak of hostilities, were anxious because of increasing governmental intercession. Government organs have been created for the handling of tea and wood oil. In the case of the former, the original purpose was for the improvement of the technique of the tea trade, and a British tea expert was employed to assist. But, if the complaint of British tea traders is to be heeded, the China National Tea Corporation has become a competitor. The China Vegetable Oil Corporation has also developed into a competitor of the private trader, rather than an organization intended solely for the development of better and purer oil. That this process of new government corporations may be expected to continue is indicated by Mr. Marker's statement that "difficulties experienced in balancing the accounts of barter agreements cause more and more commodities to be brought within their scope and therewith ever-increasing interference with private enterprise." In addition to such corporations, there are outright monopolies operated for profit-making to enable the financing of the military machine. There are now monopolies of wolfram and of antimony.

Outlook is Dismal

The important thing to note in regard to possibilities for foreign enterprise in a remnant China is that the supreme aim of the Chinese authorities must continue to be the recapture of lost territories. Hence foreign enterprise operated not for altruistic ends but for profit-making will find little opportunity in a dismembered China which seeks only to regain her heritage.

The third alternative—Chinese victory—is, if one is willing to figure in the Chinese idiom of decades rather than years, the probable final result of Sino-Japanese hostilities. Even should the second alternative of a China divided between Chinese and Japanese control intervene, it would simply be an armed truce, to be followed by further hostilities until China could be in complete possession of her own household. A fully independent China flush with victory would give rise to fears concerning the effects of the extreme nationalist sentiment on the Chinese attitude toward foreign interests.

Chinese have already indicated quite clearly that their efforts must be devoted to internal construction and that they have no time to indulge in the more aggressive aspects of modern nationalism. However, it is not unlikely that their nationalism would be turned internally, to the setting up of an economy as purely Chinese, as free from foreign control, as possible. It is fear of the consequences of this process which may disturb the foreign investor.

What of the government trading corporations and monopolies already referred to, which have become increasingly powerful in the course of the war? In every war, restrictions on trade and control for military purposes are necessary; the fight of a country for its right to exist is ample justification

for any measure which will contribute to success. But it is far easier to create such corporations than it is to dissolve them. This is particularly the case when as in China, the destruction is so great as to indicate a need for all available resources in the work of reconstruction. With such a need it is very probable that every effort will be made to build up a new and modern economy in China, to create and maintain a "favorable" balance of trade, to increase the available foreign exchange necessary for the purchase abroad of materials unavailable in China. This would call for the continuation of government corporations more or less competing with foreign business interests.

Let us now turn to the question of investments in the form of participation through loans. For example, loans to railways for

Guerrilla Leader



Gen. Chao Tung is one of the most famous guerrilla commanders in North China. He recently visited Chungking to report to the government.

repair, extension or new construction. It is almost certain that such projects will be carried out by Chinese governmental or semi-governmental corporations. However, there will be an obvious need for outside capital or credits. The profit for the investor will not be derived from monopoly but rather through the increasing production and trade. The lending group stands to profit, for example, from the purchase of railway equipment. There will be, therefore, opportunity for legitimate foreign investment which will bring a reasonable but almost assured profit, but it cannot be in any way compared with any of the earlier loans which at one time did yield exorbitant profits, only to meet repeated difficulties in continued payment because of their shaky foundation.

In any case, then, our view of the future does not include that "scramble for concessions" which has been traditional whenever Chinese disunity was prevalent. Opportunities for investment are definitely not great if one seeks the old-fashioned loan with its terms permitting the acquisition of monopolies with monopolistic profits. In two of the three possible alternatives considered, there would seem to be little room for foreign enterprise on any significant scale. A divided China, with Chinese-controlled and Japanese-dominated areas pausing to recuperate before continuation of the struggle, or a China completely dominated by Japan, provides no opportunities worthy of the name. A China in complete control of her own household, though intent on assuring herself that China will be administered for Chinese benefit, would

appear to hold the most favorable solution as far as foreign enterprise is concerned.

To put it simply, it is the aims of the two powers that show clearly which is likely to provide greater opportunity for outside investment. Japan is, to all intents and purposes, resolved to keep China in a semi-colonial condition of dependency upon Japan. Japan intends to hold China as her market and her source of raw materials. China on the other hand, seeks solely to regain her independence and build up an economy whose productiveness will be aimed at supplying her own needs. If there is any room at all for foreign enterprise, it would seem to be in the latter: in a China rebuilding her own economy.

Sino-Nippon Cultural League to Be Formed

Under the patronage of "distinguished officials," a Sino-Japanese Young Men's League having as its object the promotion of cultural unity between Japanese and Chinese, will have its initial meeting in Shanghai on Feb. 11, according to the Shanghai *Mainichi*.

Preparations have been in progress for some time to organize a movement in which "Japanese and Chinese youths can exchange ideas, cooperate in economic affairs, and correlate their cultural knowledge by means of spiritual contacts in order to contribute toward the establishment of eternal peace in East Asia," Mr. Liu Ta-fu, one of its organizers, was quoted by the paper as saying. Mr. Liu was born in Korea, and following graduation from a college in Peking, has been engaged in youth movements in various places, the paper said.

Outlining the progress of the movement, Mr. Liu stated that connections were made with more than 100 schools in the Settlement, the Hopei Natives' Society of 40,000 members, the Shantung Natives' Society of 20,000 members, and the Industrial Youths League of 20,000.

The projected League will have its Japanese headquarters in Tokyo with Hachiro Arita, Minister of Foreign Affairs, Lieut.-Gen. Seishiro Itagaki, War Minister, and Gen. Baron Sadao Araki, Minister of Education, as its advisers. It will establish connections with various young men's organizations in each prefecture. The Chinese headquarters will be located in Shanghai. Plans provide for the gradual establishment of branches in Nanking, Hankow, Canton, and other important points.

Offices of the League, located at Yungfen Terrace, North Szechuen Road, have already been provided with Japanese and Chinese Language Schools, including dormitories for members, and will have an auditorium, seating 1,000 persons, to be completed shortly, according to the *Mainichi*.

Patrons of the League include Chen Chun, Minister of the Interior and Wang Tse-hui, Minister of Industry, of the Reformed Government; Kao Kwan-wu, Mayor of Nanking; Fu Siao-en, Mayor of Shanghai; and Major-Gen. Masaichi Shimamoto, Chief of the Japanese Gendarmerie, the paper stated.

Sir Victor Sassoon Aids Shanghai Jewish Refugees

Following closely on his recent contribution of \$150,000 to aid Jewish refugees who have arrived in Shanghai from Europe during the past several months, Sir Victor Sassoon has now contributed a gift in kind, it was reported this week. The gift consists of 25 bales of cotton and artificial silk goods, to be placed at the disposal of the local relief committee, either for realization or for making clothing for the refugees.

Hongkong Plays Important Role in China's Resistance

BY FRANCIS C. B. CHANG (張慶彬)

PARADOXICALLY, Hongkong, the island base of Great Britain for making inroads into China, has played, and is still playing, an important role in serving this country in her war of resistance against Japan.

Seized from the Manchu regime in 1841 following the notorious Opium War, this British colony assumed its obliging role as soon as Japan enforced her naval blockade along the China coast at the outset of the hostilities. It became a transshipment center for munitions purchased by China from foreign countries. It has long been an open secret that tons of war supplies, including artillery pieces, machine-guns, tanks, airplane parts and ammunition, unloaded from foreign vessels at the Colony, which was not affected by the Japanese blockade, flowed in a steady stream everyday into Canton along the Canton-Kowloon Railway and the newly-completed highway. The Japanese had several times levelled charges against Britain for thus helping China, but these complaints were invariably ignored. Since no formal war was declared, it was perfectly correct for the British colony to carry on legitimate transportation services for China, irrespective of the kind of goods transported.

Hongkong Replaces Shanghai

With the Japanese occupation of Shanghai, and Nanking shortly afterwards, the position of Hongkong in relation to China's struggle against Japanese invasion became more vital than before. Since contact with the outside world through China's East was cut off, the economic nerve center of the country, formerly in the metropolis of Shanghai, was now transferred to the British colony in South China. In thus substituting for Shanghai, Hongkong, already a busy port handling roughly one-fourth of China's total foreign trade yearly in normal times, now literally had its hands full. Tremendous quantities of goods flowed into and out of it, bringing to it a prosperity which had been absent for over 10 years since the disastrous general strike in 1925. At the height of the business boom, an average of 15 liners steamed into the harbor from the four corners of the earth every day. The wharves at Kowloon, opposite Hongkong, were beehives of activity, and the warehouses along the waterfront were all taxed to their limit.

Hongkong also took care of a huge number of China's war refugees as the sphere of hostilities spread to a wider area in the interior. From North China, Shanghai, Nanking, Hankow and other places in the path of Japan's invasion flocked thousands of men, women and children of all classes and descriptions. Many came from Canton as a result of the repeated Japanese bombings from the air. Hongkong's normal population of 988,000 jumped to about 1,500,000. As a result, all hotels and houses were fully occupied, and new residences under construction had to be rushed to completion. Rents soared sky high, and eviction by unscrupulous landlords of old tenants, to accommodate new ones who could pay higher rents, was not uncommon. Many of the poorer class who could not find accommodations were forced to sleep in the open at night.

The large number of people did not, however, include those passing through Hongkong en route to the interior. And these constituted a startling figure by themselves. Practically every train and every boat leaving for Canton daily was packed to full capacity. Passage on the Eurasia Aviation Corporation planes for Hankow and the China National Aviation Corporation planes for Chungking had to be booked a

month in advance. Still there were many people on the waiting list.

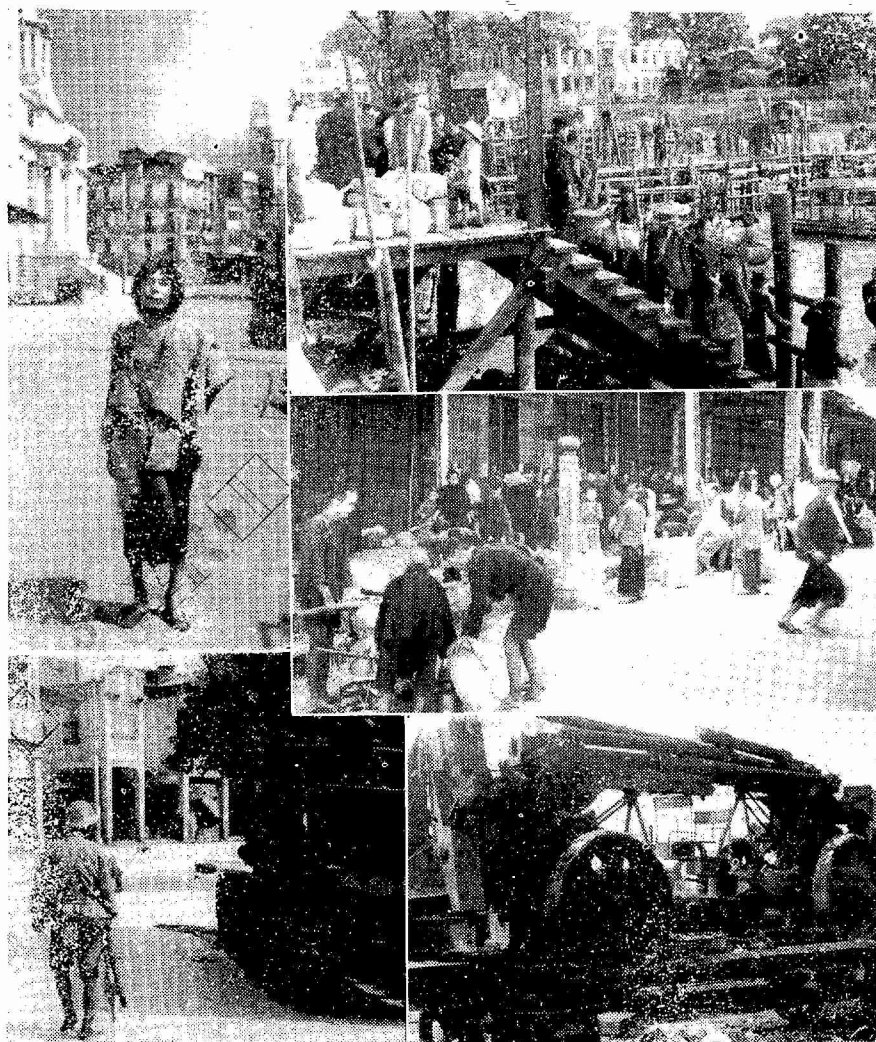
Invasion of South

The Japanese landing at Bias Bay on October 12, 1938, and the subsequent fall of Canton, abruptly changed the position of Hongkong. With the severance of the Canton-Kowloon Railway and the closure of the Pearl River by the Japanese, it was almost entirely insulated from the mainland. In consequence, munitions and merchandise piled high on the docks could find no way into the interior any more, and people going inland had to seek a way elsewhere.

But this by no means ended the important part played by Hongkong in connection with China's resistance. While ceasing to serve as an entrepot for military supplies and commercial goods, it kept, and is in fact still keeping, its peaceful and humanitarian role as a safe haven for Chinese war refugees.

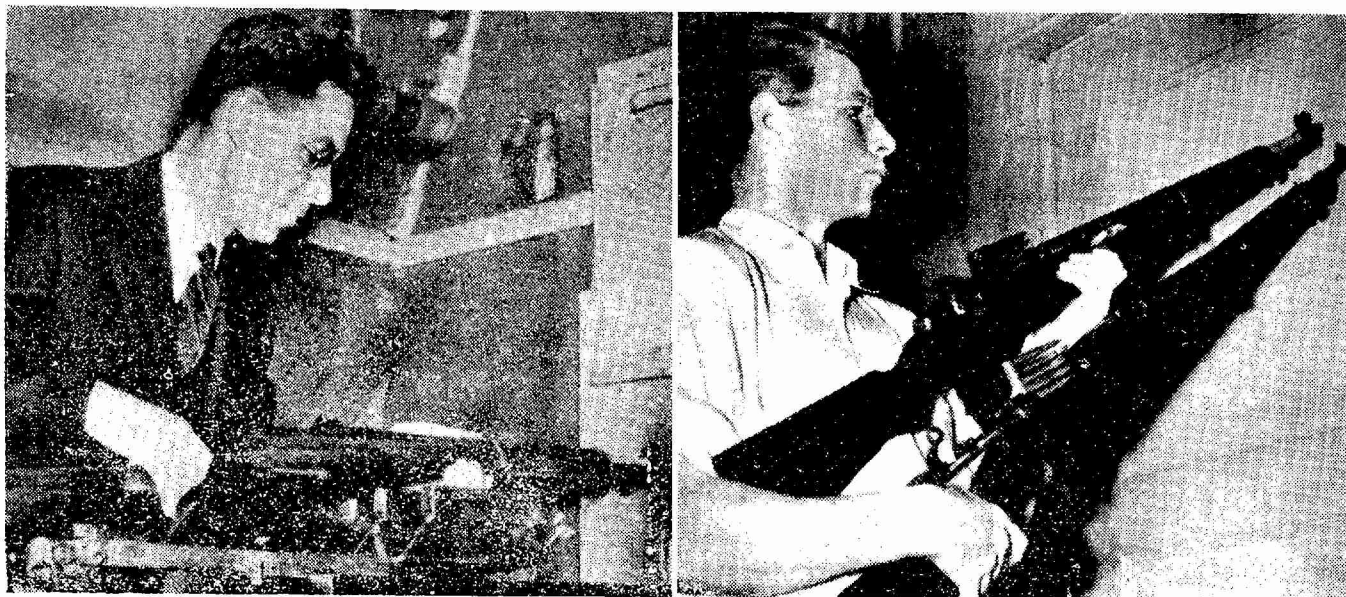
The Japanese invasion in South China last October caused a great influx of these unfortunates into the Colony from Wai-chow, Canton and the surrounding districts. Thousands more from the neighboring villages crossed the border to seek sanctuary inside the British territory in the latter part

When the Japanese Invaders Took Canton



These are scenes in Canton at the time of the occupation of the South China metropolis in October of last year. Top, left, a homeless, stricken woman. Right, street scenes opposite the island of Shameen. Center, left, a Japanese soldier proceeds cautiously down a side street. Right, a wrecked locomotive. Lower left, a billow of smoke rising from a burning quarter of the city set afire by Chinese troops in accordance with the "Scorched Earth" policy.

Fifty Shots a Minute from New U. S. Army Rifle



U. S. Army to Get New Automatic Rifle

If there is to be another war, the Americans apparently plan to make it a good one with this recently invented rifle, which is said to fire 50 shots a minute instead of 10 shots as was the case with the old bolt-action Springfield rifle now in use in the U. S. Army and Navy.

The new rifle was invented by John C. Garand, a senior ordnance engineer in the Army. He spent fifteen years working on the new model, which is called the semi-automatic. The new rifle is now being manufactured in mass production with the object of equipping the entire Army with the new gun.

While precautions have been taken to prevent the secret from being disclosed, it is understood that the recoil and escaping gas from the exploded shell provides

the propulsion instead of hand-power bolt action as was the case with the Springfield.

The picture on the left shows John C. Garand, inventor of the new rifle. The picture on the right shows the new gun with a clip of eight cartridges instead of five, as was the case with the old Springfield. The new rifle which has no bolt, will fire five times faster than the old gun. The pictures are reproduced from the *Kansas City Star* for Dec. 11.

of last November, when the Japanese invaders launched their "mopping up" operations along the Canton-Kowloon Railway and fighting was brought to Shumchun, right at the "back door" of the Colony. Although many have returned to their villages following the withdrawal of the Japanese due to an alleged understanding with the British authorities, still large numbers of them, whose homes were destroyed either by fire or by bombs and shells, are remaining in the Colony. According to a recent check-up, the number of refugees in the care of the various camps set up by the Hongkong Government reached 9,521. Numerous others are believed to be accommodated in camps operated by private organisations.

Relief Associations

The relief of these refugees is undertaken by a number of relief organizations formed by leading Chinese as well as foreign residents in the Colony. The Hongkong branch of the National Women's Relief Association, headed by Madame Sun Fo, the Chinese Women's Club, and the Chinese Women's Soldiers Relief Association, all leading women's organisations in the Colony, have done a great deal in this humanitarian task. The most outstanding relief body is perhaps the Hongkong and South China branch of the British Fund for Relief of Distress in China, which came into being towards the end of last October with the Hongkong Governor, Sir Geoffrey Northcote, as president.

Mr. Hsu Shih-ying, acting chairman of the National Relief Commission, was in Hongkong recently to investigate the conditions of the refugees. Through his kind offices, \$200,000 in relief money has been made available to alleviate the plight of the war sufferers.

Relief funds have also been raised locally. As frequently as every two or three weeks, a Flag or Flower Day was held for this

purpose. Recently, the Hongkong Chinese Women's Club staged a play called the *Romance of the Western Chamber* (西厢記) for the benefit of the refugees and derived handsome returns from it. Large sums of relief money were also collected through charity balls held by the Hongkong branch of the National Women's Relief Association and the Hongkong University some time ago. The amount of cash donations made by individuals and various organizations has also been considerable.

Handicraft Factory

Relief measures are not confined to the provision of food and lodgings only. Adequate medical attention is also afforded to the refugees. The St. John's Ambulance Brigade, a well-known medical relief unit in Hongkong, has rendered invaluable services in this regard. A maternity ward has been established in the refugee district to take care of pregnant women refugees.

For the dual purpose of providing relief for the refugees and training them in a useful trade, the Hongkong Chinese Women's Club and the Hongkong Chinese Women's Thrift Movement Association have jointly established a workshop for handicraft industries. So far, 50 women refugees have been admitted into this factory.

There are several hundred war waifs, some 200 of whom came from Hankow, under the care of a Child Welfare Institute, headed by Dr. Irene Ho, daughter of Sir Robert Hotung, one of the most prominent Chinese residents in Hongkong. All in their tender years, these children, whose parents were killed by Japanese bombs and shells in the war zones, are well taken care of and are receiving primary education in classes conducted by the Institute.

Thus Hongkong, though isolated from China, still proves of great service to her in taking care of her refugees.

Hongkong, January 15, 1939.

Hangchow Puppet Mayor Wounded by Grenade

Injured in a hand-grenade and pistol attack, Ho Tsan, mayor of Hangchow, his wife, and four other persons were lying in the City Hospital at Hangchow this week, according to a *Domei* dispatch from the lake city.

Mr. Ho suffered a bullet wound in his right thigh, while his wife was slightly injured. The attack occurred at about 9 o'clock Jan. 22, when two unidentified gunmen broke into the parlor of the mayor's residence. They tossed two hand grenades, emptied their pistols at the persons in the room and fled. They were not captured.

New Swedish Tanker Breaks Into Two Parts

The new Swedish tanker *Jabua*, proceeding from Mexico to Europe, suddenly broke into two parts in the Mid-Atlantic on Jan. 19. The Norwegian freighter *Duala* which hurried to the scene to render aid, rescued 37 men clinging to parts of the wrecked vessel several miles from the scene of the disaster. In shipping circles the cause of the disaster is regarded as an enigma, since up till now this kind of accident has never occurred with an almost new ship.

Service Terms Extended For Nippon Army, Navy

Terms of service for reservists in the Japanese Army and Navy will be prolonged under a bill to be introduced in the present session of the Diet, the War Office in Tokyo announced Jan. 23. In the Army, the term of service on the reserve will be extended by five years, while in the Navy, the period during which first reservists may be called to arms will be prolonged by one year, and by two years in the second reserve.

Schacht's Removal Believed Prelude to Fresh Nazi Adventures in Europe

BERLIN-WARSZAWA-MOSCOW TRIANGLE

Announcement was made in Warsaw this week that the meeting planned between Soviet Foreign Commissar Maxim Litvinov and Polish Foreign Minister Joseph Beck will not take place. Instead, the Polish ambassador in Moscow will inform Litvinov of Col. Beck's recent talks in Munich with Reichs Foreign Minister von Ribbentrop and the "significance" of the latter's visit to Warsaw. Moscow has been angling for Polish friendship as a lever with which to force a Soviet-German understanding, while Berlin has been working overtime to prevent any Soviet-Polish accord. It seems Berlin has won the first round. The Italian foreign minister, Count Ciano, was expected to visit Berlin this week for talks with Von Ribbentrop, right after the latter's visit to Warsaw.

NEXT to the Nationalist offensive in Spain, where the fascist troops of Gen. Francisco Franco, now converging on Barcelona, threaten early liquidation of what remains of Spanish Loyalist territory, the most important recent development in the complicated pattern of European politics was the removal last week of Dr. Hjalmar Schacht from his post as president of the German Reichsbank.

There is to be noted a striking resemblance in motive between Schacht's removal and the removal of Prince Yamamoto as premier of Japan to make room for the reactionary Baron Hiranuma. Schacht's continued presence as head of the Reichsbank had become an obstacle to Hitler's adventurous policies, just as Konoye (and Finance Minister Ikeda) had become a hindrance to the plans of the Japanese military adventurers.

Dr. Schacht, who is generally believed to have exercised a restraining financial hand on Nazi policies, was removed by order of Adolph Hitler although retained as a member of the Cabinet. In his place was appointed Walther Funk, Reichs Minister of Economics, who will hold the bank presidency as a concurrent post. Dr. Schacht's immediate assistants have also been removed from office.

Negotiations in Berlin concerning the Jewish refugee problem were suspended immediately on Dr. Schacht's removal and a notification to that effect was sent to George W. Rublee, American director of the London office of the Evian Refugee Committee. Berlin, however, denied that Schacht's removal was in any way connected with his conversations with Mr. Rublee. Some observers saw a connection between the removal of Dr. Schacht and the latter's recent conversations with Mr. Montague Norman, governor of the Bank of England.

New Adventures Seen

Throughout the world, Dr. Schacht's exit from the Reichsbank is taken to indicate the intention of Hitler to embark on new adventures along the line of European "power politics" and to mold Germany's internal policies accordingly. According to a *Reuter* message from London, Hitler has drawn up a decree intended to expedite Germany's military preparedness. All men, after completing their military service, will be organized into defense detachments and incorporated into the National Socialist Storm Troops.

That Dr. Schacht had good reason to be alarmed about Nazi policies is indicated, in part, by Germany's trade figures for 1938, which despite rigid foreign trade control showed an adverse balance of 433,000,000 Reichsmarks. The export total was 5,619,000,000 as against total imports of 6,052,000 Reichsmarks.

Figures for Germany, exclusive of Austria but inclusive of Sudetenland, after November last year indicate an import surplus of

174,000,000, exports having been 5,275,000,000 and imports 5,449,000,000 Reichsmarks. This adverse balance is due, it is declared, to the fact that exports from Germany Proper decreased by 531,000,000

general war. Goering's warning was based on knowledge of the severe strain to which Germany's economy has been subjected by the rearmament program. Moreover, production in Germany's key industries has dropped 20 per cent since the annexation of the Sudetenland. Simms attributes this to an unproclaimed go-slow strike by the German workers, who believe Hitler's policies are leading to war. Then, too, according to Simms, the morale of the German nation is declining due to the perpetual strain to which the people are subjected day and night. They never know, when they go to bed, whether they won't wake up next morning to find their country engaged in a war which none of them want.

Because of his opposition to adventurism in foreign policy, Goering has been threatened with assassination by Nazi fanatics and is reported to have strengthened his personal bodyguard.

Why Schacht Had to Go

According to the *London Financial Times*, Dr. Schacht never became converted to the Nazi creed although he served the Nazi regime loyally and with exceptional ability.

African Nordics Beware!



Renewal of Nazi Germany's claim to colonies was made Jan. 7 by the *National Zeitung*, Berlin organ which is generally believed to be the mouthpiece of Field Marshal Hermann Goering, Special Commissioner for the Four Year Plan, Minister of Aviation and Minister-President of Prussia. "Our economic situation cannot longer be affected detrimentally by further delaying a solution of the colonial problem," the journal said, accusing international Jewry of responsibility for the "hands off Africa movement with the design of controlling Africa as a step towards regaining their power in Europe."

Reichsmarks as compared with the previous year.

William Lyons Simms, foreign editor of the *Scripps-Howard* chain of newspapers, last week revealed another angle of this situation. He claimed to have learned from confidential sources that Field Marshal Goering, Reichs Minister of Aviation and commissioner for Germany's Four-Year Plan, has strongly advised Hitler against any policy which might plunge Germany into a

"For one thing," said the paper, "Dr. Schacht had too much commonsense to swallow Nazi doctrines intended for the consumption of the ignorant masses. Moreover, he was too civilized to endorse unconditionally a creed based on savage brutality."

"There is every reason to believe that Chancellor Hitler dropped the pilot much too soon because the Reich has exceptionally difficult waters ahead and there are no more

Germans left with Dr. Schacht's abilities.

"Presumably Dr. Schacht's dismissal will be followed by a series of radical economic and financial measures. The sanctity of private property and the capitalistic character of the German economic system will probably be further attacked by means of confiscatory measures."

The first German intimation that Dr. Schacht did not always agree with the government demands on the Reichsbank and that this may have had something to do with Herr Hitler's sudden decision, is contained in an article in the *National Zeitung*, which says:

"By the appointment of Herr Walther Funk, the unreserved support of the Reichsbank for carrying out the economic tasks of the government is guaranteed in the future.

"Nazi economic policy allows capital only the role of servant to trade and industry.

"This National Socialist principle will, in future, be the guiding line for the Reichsbank.

"The personality of Herr Funk is a guarantee that an unconditional subordination of Germany's note bank to the sovereignty of the state will soon become a fact."

Referring to Herr Funk's past declarations, dwelling especially on the absurdity of political debts, the article says:

"He soon will have the opportunity of submitting his views personally to the presidents of other state banks."

To Maintain Currency

The Nazi organ *Voelkischer Beobachter* said the combining of the two offices of Minister of Economics and Reichsbank president would place Germany in a better position to pursue her economic objectives. The *Berliner Tageblatt* denied that the German government had decided on any change in its economic policy, whose main aim would continue to be maintenance of the value of the Reichsmark at home and abroad.

The *Essener National Zeitung*, hinted that Dr. Schacht's successor would bring up the question of Germany's war debts at the next meeting of the board of the Reichsbank, thus heightening the uneasiness felt among foreign holders of German bonds and especially in London banking circles. The possibility that Schacht's removal heralded a unilateral revision by Germany of her war debt payments was reflected on the London Stock exchange, where German bond issues suffered a marked drop. The Young Loan dropped 2½ points and the Dawes Loan 3 points.

A high official of the State Department in Washington was credited by *Reuter* with the view that the appointment of Herr Funk to head the Reichsbank was "a slap at the United States," since Funk is noted for his animosity towards that country. The general comment of Department of Commerce officials was that Schacht's dismissal has no real bearing on German-American trade because Dr. Schacht had long been only a figurehead, while Germany has already been doing everything possible to curtail her trade with the United States. They predicted, however, that in spite of Germany's efforts to diminish purchases from the United States, such necessities as cotton, petroleum, copper, lead and phosphates will continue because Germany needs them badly.

Goebbels Breaks Silence

German-American relations were the subject of a statement in the *Voelkischer Beobachter* Jan. 21 by Dr. Joseph Goebbels, Reich Minister of Propaganda and number one Jew-Baiter in Nazi Germany. Unusually mild in tone, Goebbels' statement set down four factors which he said were

chiefly responsible for the "anti-German propaganda campaign in the United States":

1. Jews and people dependent on or in the service of Jews;
2. The United States hope that the Latin-American countries represented at the Lima Conference might be induced to adopt an anti-German or perhaps even anti-European attitude;
3. The fact that Germany was the United States' chief competitor in the South American markets; and
4. The American armament industry which wished to persuade the country that America was threatened by the totalitarian countries since it hoped that the fear of a war with the totali-

Germany Goes 'Round and Round'



—Washington Post.

tarian countries would bring profitable armament contracts to the armament industries.

Goebbels went on to declare that the internal affairs of the United States are no concern of Germany and said "we have no reason or cause to smuggle German political doctrines into America. On the contrary, we regard the doctrines and methods which are applied by us in Germany as our exclusive property and not as export articles." How untrue this statement is has already been demonstrated by a United States senatorial committee which disclosed the widely-ramified activities of the Nazi Bund in the United States. Corresponding activities have been and are being conducted in the countries of South America.

The statement by Goebbels came after a silence of several weeks, during which the propaganda minister was in disgrace as the result of a beating up administered to him by a friend of the husband of a prominent Czech screen actress with whom Goebbels had been found conducting a clandestine love affair. According to a recent report in *Le Petit Parisien*, Goebbels will shortly face a "Nazi tribunal of honor" on matters concerning his private life, while his ultimate removal from office by Hitler, whose displeasure he has incurred, is freely forecasted.

New Ambassador to U. S.

Captain Fritz Wiedemann, Herr Hitler's personal aide-de-camp, has been appointed German Consul-General in San Francisco, replacing Baron von Willinger, who will return to Berlin towards the middle of February.

Captain Wiedemann stated he was very satisfied with the appointment and that he would join his post shortly.

The new Consul-General, who speaks fluent English, was Commander of the company in which Herr Hitler served during the World War, and later became his confidential adviser.

Japan-Soviet Break Predicted in Tokyo

Japan is prepared to break off diplomatic relations with the U.S.S.R. unless Russia complies with demands for adjustment of the long-standing fisheries dispute, according to a *United Press* dispatch from Tokyo Jan. 15. Believing the Soviets would not accept a challenge to war, the agency said that Japan would effect the rupture at the commencement of the fishing season in April unless some agreement is reached meanwhile.

Japanese officials were credited with the view that it would be advantageous for Japan to recall Ambassador Shigenori Togo and his staff from Moscow, thus seizing the initiative and leaving the next move to the Soviet. The opinion among army leaders in Tokyo is that the Soviet is too engrossed in its own affairs and over the Ukraine issue with Germany to wish to come into armed conflict with Japan.

A drift toward severance of diplomatic relations already has been evidenced. The Soviet consulates in Hakodate, Japan, and Harbin, Manchukuo, have been closed. There has been considerable friction in the oil fields of Sakhalin and some Japanese nationals have withdrawn, or been deported, from that section.

Believing that relations between the Soviet and Japan are more strained than at any time since the Changkufeng fighting last year, some of the Embassies in Tokyo were said to have notified their home governments that the next few months will be a crucial time in the affairs of these two traditionally antagonistic nations.

Another Incident

Seiko Nagaya, employee of the Hsingan Gold Mining Company stationed at the firm's plant at Wuma in north Hsingan province, and two White Russian forest rangers, who were accompanying him, were kidnapped by Soviet border troops at a point four kilometers above the junction of the Wenho and Argun Rivers on Jan. 2, a *Domei* report from Changchun said this week. Mr. Nagaya was returning in a sled from Kiramuto to Wuma when he was seized.

On Jan. 14, *Domei* reported a slight improvement in relations between the Soviet Union and Manchukuo as a result of a promise given by Soviet authorities to revive a courier system between Manchukuo Consulates in Soviet territory and Changchun officials. The action may hasten a settlement of various issues pending between the two countries, Manchukuo officials said.

After serving two years in a Soviet prison, Takeshi Tanabe, a former Japanese hotel proprietor in Vladivostok, sailed from the Russian port on Jan. 10, landing at Seishin, a port in north Korea, the next day. From Seishin Mr. Tanabe then proceeded to Harbin, according to a press message reaching Tokyo. Mr. Tanabe was arrested by the Soviet authorities in the autumn of 1936 on suspicion of engaging in speculative transactions in rubles.

Chinese Will Take Part in World's Fair

While the Chinese Government will not officially participate in the World's Fair at San Francisco, it has been announced that several Chinese merchants and commercial organizations will participate and establish exhibits of Chinese products. An organization known as "Chinese Factors, Inc.," composed of California Chinese, will have charge of the displays. Chen Yin-sheng, a Shanghai porcelain dealer, is taking an exhibit to the fair and further exhibits from Fukien province and elsewhere will be on display.

Where Do the Russian Emigrants Stand?

BY N. KAYSKY

MORE than 15 years have passed since the Russian emigrants came to the Far East. Enough time to check the results, to answer the question what is their aspect, what thoughts and aspirations are present in their minds, what hopes they nurse, what are their achievements in everyday life.

At the end of 1922 when the last "White" oasis—the Russian maritime provinces—was lost and the conquering Red commander-in-chief Yborevitch (shot at the same time as Tukhachevsky) was entering Vladivostok, a fleet left Russian shores, carrying aboard White Army soldiers and non-combatants.

It was difficult to say where they would find shelter. They were escaping from the Bolshevik system of rule, and were full of hate and enmity towards those who had a different way of thinking. They were leaving, relying on Providence. Such was the prologue to the sudden appearance in Shanghai of some thousands of Russian emigrants.

Exile Believed Temporary

The adherents of a certain ideology were only a minority. This active minority of Russians were sure that their exile would be temporary, a rest before a new fight against the Third International, which conquered Russia.

All were faced with same dilemma, the same anxiety—where and how to get work. Naturally, the question "how to live" took precedence over all others. The Russians passed the trial very well. Having found themselves in a strange country, without knowledge of the English language and without business experience, they adapted themselves very quickly. They began to study English and have learned it. The emigrants' were useful in different branches of business in Shanghai. We see Russians working in both municipalities, in trading and manufacturing firms, banks, insurance offices. Both volunteer corps are made up of Russians. Everywhere White Russians have a good reputation and are admired for their sense of duty and efficiency.

In the beginning, the Russians here, as well as those in western Europe, felt they were camping in a bivouac, waiting to go back to Russia. They engaged in day-dreaming and neglected to plan their careers. But year by year the illusion faded.

The Russians, although having retained in their majority an irreconcilable attitude towards the Bolsheviks, have no desire for political activity. The slogans of armed resistance remind one of charcoal after a big conflagration.

And there is something else. The Russians, having penetrated all through the world, have changed into people wholly absorbed with daily cares. Politics have become history to be brought to mind on various anniversaries, public requiem masses, etc.

Altered Outlook

Transformation of the emigrants' outlook and psychology was natural and inevitable. Now the youngest generation of White Army warriors is of the age of forty and up; there are a few who are younger, yet not younger than 35 years of age. What kind of warriors are they? And are there many real emigrants left among them? Some have died, others have acquired foreign citizenship. In America, as a rule, every Russian is eager to get the rights of an American citizen. The process of the Russian emigrants' denationalization goes on. In no time, perhaps in 15 or 20 years, only a small group of emigrants will remain.

Politics are made, and with the making so-called "leaders" get busy. Behind the call to fight against the 3rd. International, and for the unity of all the Russians, is a hidden purpose of "leaders" to get into prominence and obtain positions. But all attempts of leaders to unite the Russians have ended in quarrels. There never has been any agreement among them, though they have the same idea, the same purpose. Very often one joined up with another in order to overcome a third. Thus, Captain Fomin was an ally of General Glebov and of C. Metzler. Nowadays all three are playing separately. The leaders' political platform are defined not by their ideology but by their personal inclinations.

Incline Toward 'Axis'

Lately, the leaders are feeling a strong inclination towards the Berlin-Rome axis.

But Russians were against the work of leaders, and were very much afraid that the

more numerous every year. It has become more difficult to live, more difficult to find a job. More Russians are coming from Manchuria, escaping not from Bolshevik fury but also from the cunning Japanese caress.

You cannot find better conditions of life for Russians than in Shanghai, and Russians understand this perfectly well. They understand and appreciate that the leading forces in Shanghai, French, English and Americans, treat the Russians with great friendliness, and Russians have no intention to join the Japanese.

Certainly, every family has its monster (as they say among Russians) and among Russians there are awful monsters going with the Japanese. But these are naive people, or blind, or simply bought by the Japanese. The Russians in Shanghai, in their great majority, are loyal and very grateful to China, as well as to International Shanghai.

White Russian Tools of Japan



Picture shows White Russians in a demonstration in Harbin in 1934, organized by the reactionary "Harbin Times," inspired and paid for by the Japanese military, who then were conspiring to get control of the Chinese Eastern Railway. The demonstrators are seen outside the C.E.R. Cooperative Store. Their banner reads: "Help Us—We Are Being Robbed."

Japanese would treat them as in Harbin and Tientsin. Astonished and perplexed, they watched the combination of Mr. Metzler and the Emigrants' Committee (with Mr. Metzler at the head of it) in following Japanese advice.

Parties were held to strengthen friendship between the Emigrants' Committee and the "Ta Tao" government. But at last the leaders quarreled among themselves and the Shanghai emigrants were left disunited, without any control. They do not worry about this. A majority of the Russians are not eager to join the campaign, especially under Japanese supervision; they will not be Japanese helpers, traitors to their own country. Having remained, as before, irreconcilable towards Bolshevism, the Russians are living with deep hope in a new Russia, where thought, word, science, art, conscience, and private house-keeping initiative will be free.

Busy With Worries

Here the Russians are busy with purely materialistic worries which have grown

Lately, articles about the White Russian emigrants have appeared in the foreign press of Shanghai, in most cases expressing indignation at the activities of these people. The writers consider the Russian emigrants guilty of big political sins. They charge that the Russians are opposed to democracy and harbor tender feelings toward the totalitarian states. The Chinese press—at times very offensively—tries to show that the Russians are pro-Japanese and anti-Chinese.

Press Backs Japan

Are there any grounds for these charges and assumptions? We must regretfully admit that certain circumstances have arisen to throw a shadow on the Russians and place them in an unfavorable light with foreign and Chinese circles in Shanghai. People claiming to represent the Russian emigrants openly espouse Japanese plans with regard to the White Russian community. But the Russian emigrants, on the whole, have no connection whatever with this type of "stepping-out" and do

not share the viewpoints of their so-called representatives.

The behavior of the Russian emigrant press, moreover, is strange and incomprehensible. If we Russians are sick and tired of the contents of "our" newspapers, how must other nationals feel? One Russian newspaper, for example, had this on its front page: "We may well regret that at this banquet (in Berlin, celebrating the anniversary of the Japanese-German anti-Comintern pact) official representatives of the Russian emigrants were not present."

The same paper wrote that the Russians in Shanghai "will in their hearts always be on the side of those (Japan and Germany) who are fighting against the enslavers of our country." Another newspaper considered it an appropriate moment to show its colors with a "God Save Germany" when impudent Hitler Germany was black-mailing the west European democracies in the tragic days of last September.

Happily or unhappily—it is difficult to say which—the Russian press in Shanghai does not reflect the point of view, or the aspirations, of the majority of the emigrants. The pro-Japanese, pro-German, pro-fascist sentiments voiced by the local newspapers, loudly or quietly, at best express the feelings of a small group of persons, who, by the way, find entry into foreign circles and are present at receptions and cocktail parties. As a rule, the Russian newspapers in Shanghai serve the commercial interests of their owners. If this press is a mirror of local Russian society, as many think it is, then it is a crooked mirror.

A Deep Abyss

It is a paradoxical fact that between the Shanghai Russian emigrants and the White Russian press there lies a deep abyss. When the Russians wish to air their grievances or sorrows, they turn to the foreign press. It is not just to judge the Russians according to the Russian press, by the destructive actions of a group who are either hired by the Japanese or who are simply unfortunate people in a rage.

It is common knowledge to those connected with them, that there is among the Russian emigrants in the Far East a small group ready to stir up trouble in the ranks. Doubtless the political departments of the police in both foreign municipalities are flooded with libellous reports concerning Russians. And this, no doubt, is the work of Russians themselves. For example, a well-known professor of the Harbin Law School, who passed through Shanghai a few years ago, was characterized in a report as—an agent of the Comintern.

Is it any wonder that this miserable group, who are ready to sell their brother emigrants for even less than 30 pieces of silver, should desire to rule the Russians, whip in hand? These persons, who talk aloud of how they will chastise with whips and batons, are ready to fulfill the orders of any foreigners, with or without compensation, provided there is hope of future reward.

We shall become acquainted with the type of behavior of that section of the Russian emigrants known as the Semenovshina or the fascists, if we take Harbin and Tientsin as examples. The activity of these people is similar to that of the open and secret collaborators of the Soviet G.P.U. or the German Gestapo. Their work among Russians does not differ from that of Cain. In Harbin and Tientsin they work with a certain cautiousness, demonstrating their readiness to fulfill Japanese orders when the Japanese become masters of the situation in certain territories.

Wayside Doings

But a group of Russians living in Shanghai's Wayside have become servants of the Japanese and regard themselves as the heads of the Russian emigrants. Insolently they violate all the rules of Shanghai hospitality, even having the nerve to announce that when the Japanese become masters here all emigrants not registered by a united emigrants' committee will be deported to

privileged positions in the Russian community. In their leaflets they proclaim that "those who do not recognize us will lose their heads." Their demagogic organ, *Russian Voice*, has latterly occupied itself with anti-semitism, dreaming of a great exodus of Jews from the Russia of the future. This newspaper is proud of Hitler and advises the Russian emigrants in Wayside to acquire political wisdom from Russian newspapers published in Berlin.

All this is hateful, miserable and vulgar, but the point is that one begins to judge all the Russian emigrants by the Wayside group and by its publications, which are inspired and guided by the Japanese. But the Russians in their majority have no connection with this Japanese activity, nor with those Russians who have been hired to play the role of unifiers of the Russian emigrants. Russians having shelter and work in Shanghai know very well that their existence and economic welfare are tied up with the strength of the European communities. They also see quite clearly that Germany and Japan, far from saving Russia, will only dismember that country. The interests of the Russian emigrants and of Germany and Japan lie along different paths.

Who is at the head of the Wayside group, and who goes along with them? There is the active minority—unfortunates without work who feed at the Japanese trough, or simply drifters who bow their heads before the Japanese—a dark element which can be hired to do all kinds of dirty work. Then there are the passive majority who live in Wayside because they have jobs there, or because poor circumstances oblige them to do so. This passive majority, willingly or unwillingly, must praise the Japanese master and bend their heads before their immediate Russian master, who in turn is a footman to the Japanese.

Slayer of Hamaguchi Has Sentence Reduced

Tomeo Sagoya, convicted slayer of Premier Yuko Hamaguchi, has had his life sentence commuted to 20 years of hard labor, according to a *Domei* report from Tokyo last week. This is the second time that Sagoya has won commutations of his sentence. Condemned to death, he was saved from the gallows by a general amnesty declared following the birth of the Crown Prince on Dec. 23, 1933. Sagoya attacked Mr. Hamaguchi on Nov. 14, 1930, at a demonstration against the conclusion of the London Naval Treaty. The Premier, badly wounded, died about a month after the assault.

Nippon Doctor Makes Scarlet Fever Vaccine

Successful manufacture of a new vaccine for the prevention of scarlet fever was announced last week by Dr. Hidetake Yaoi, of the Research Institute for Infectious Diseases in Tokyo.

Tested on more than 100,000 people during the past three years, the vaccine was said to have been 100 per cent effective, and free from any reaction. The new vaccine is manufactured by weakening scarlet fever toxin, processing it with formalin and heat, Dr. Yaoi declared. Doctor Yaoi claims to have produced another successful vaccine for curing scarlet fever after infection.

500 Tons of Scrap Iron Shipped to Japan

Some 500 tons of scrap iron, collected by Japanese and "traitors" in the occupied areas, were shipped from Shanghai to Japan on Jan. 22, according to a report in the *Sin Wan Pao*.

Slight Change in Recent Times



—Washington Post

the U.S.S.R. At meetings, they cynically proclaim that the Russians should be taken in hand and ruled with a rod of iron. Just read their publication, *Russian Voice*, which could be more correctly called the "Japano-German Whisper!" This paper is filled with praise and flattery of the Germans and Japanese.

What the organ "uniting all emigrants" would look like in practice is shown by the duties of the reorganized Emigrants' Committee, remolded under Japanese direction. It appears that their duties consist in assisting the "rightful authorities" (read Japanese) in identifying emigrants who live in Wayside and other districts under Japanese occupation. In other words, their job is to separate out the Russian emigrants according to the degree of their political dependability—a job quite obviously connected with the political secret police.

Their leaders are full of hate for all men. They try to incite those at the bottom of the social ladder against others in more

Committee Makes Study of S.M.C. Pay Raises

Responding to agitational pressure by Settlement ratepayers, the Shanghai Municipal Council early this week completed the formation of a special committee to review the exchange adjustments and cost of living bonuses granted by the Council to the municipal staff at an estimated cost of an additional \$600,000 per annum.

The committee is already engaged in its inquiries and will report to the Council whether in its opinion the adjustments and bonuses (which in the case of some department heads represent a salary raise of as much as 80 per cent in local currency) are justified, and if not in what respect they should be revised.

The S.M.C. has not agreed to be bound by the findings of the special committee, which consists of well-known local businessmen, as follows: R. E. Gilleland of Anderson, Meyer & Co., Ltd; Y. Hanawa, of the Mitsui Bussan Kaisha, Ltd; W. J. Hawkings of G. E. Marden & Co., Ltd; H. S. Poulsen of the Great Northern Telegraph Co., Ltd; W. H. Stewart of the Hongkong & Shanghai Banking Corporation, and C. C. Woo of the Kinchong Banking Corporation.

Mr. Chikayuki Akagi, Special Deputy Commissioner of Police, is planning to distribute his salary increase among Japanese policemen, the Shanghai *Mainichi* stated. His action was expected to mitigate the dissatisfaction felt by minor Japanese officials over the wide discrepancy in the salary increases recently announced by the Council, the journal said.

Adding a belated voice to the chorus of critical blasts hurled at the S.M.C. for its hotly-discussed salary policy, the *Mainichi* said the increases would benefit only the high officials, while those in the lower strata would not gain much by the pay boosts. Much interest in the question has been manifested by the Japanese community, the paper said.

Nippon Daily Demands Wheat Import Tariff

Immediate adoption of a protective wheat tariff policy by the Reformed Government, as a measure against alleged maneuvers of Chinese flour manufacturers and foreign merchants, was urged by the Shanghai *Tairiku Shimpo* in an editorial Jan. 20.

Under the heading "Imported Wheat Should be Taxed," the editorial charged that the prevailing system of exemption of wheat from taxation, has led Chinese flour manufacturers in the International Settlement and the French Concession of Shanghai, in cooperation with foreign merchants, to import large quantities of cheap wheat from the United States and Australia. By this action, they are driving Chinese agricultural villages to poverty, the paper alleged.

Shantung Puppet Governor Resigns from Office

Pleading old age, Ma Liang, puppet Civil Governor of Shantung Province for nearly two years, has tendered his resignation to Wang Keh-min, chairman of the Legislative Council of the Provisional Government. His resignation has been accepted. Through Mr. Ma's recommendation Mr. Tang Yang-tu, Finance Commissioner for Shantung, has been appointed to succeed him. Mr. Ma will shortly leave Tsinan for Peking where he intends to live in retirement.

British Call Out Troops in Burma

FRAGMENTARY news dispatches from Rangoon indicate growing opposition to British rule in Burma manifested in expansion of the strike movement and extension of the non-cooperation campaign inaugurated recently by the Dobama ("Burma for the Burmese") Party.

Reuter reported Jan. 20 that the situation had grown so serious that military forces were being drafted to the affected areas. About 1,000 workers in the employ of the British-owned Burma Oil Company's refinery at Syriam, said the report, had gone

mands on the government. If the demands were not granted, he added, 5,000 peasants from the interior would march into the city to swell the ranks of the discontented and bring pressure for redress of grievances. The oil workers went out on strike against a wage cut, while the peasants were demanding a reduction in taxes.

According to the Japanese *Domei* agency, a number of American-made airplanes and machine-guns arrived at Rangoon Jan. 17 on a British steamer. Resulting from the recently granted American loan to China, the shipment, said the agency, was presumably destined for the Chinese government and would be sent into China via the Burma-Yunnan highway.

Three Persons Killed in Riots in India

Three persons were killed and 66 injured in Hindu-Muslim riots at Bareilly, British India, this week, according to a *Reuter* report, which added that 100 arrests had been made. The alleged cause of the riots was a Hindu demonstration directed against the Nizam of Hyderabad. The Second Battalion of the Oxfordshire and Buckinghamshire Light Infantry were ordered to stand by in case of emergency.

Bombings in Britain Remain a Mystery

In spite of determined efforts by the British and Irish police, it has so far not been possible to ascertain the identity of the organizers of recent bombings, directed mainly at power stations throughout England, a *Transocean* dispatch from London stated this week. The bombings, however, were generally attributed to Irish Republican Army agents operating, it was believed, from London.

Because of the violent recrudescence of the Irish independence movement, as manifested in the bombings, the London *Daily Express* forecasts the postponement of the visit to Belfast of the Duke and Duchess of Kent, scheduled for March 6.

Frank Chamberlain, 25-year-old son of Britain's prime minister was believed to be the intended victim of a bomb which exploded outside a hotel in Tralee, Western Ireland, where he was staying Jan. 19. The bomb exploded very early in the morning when Chamberlain was still in bed and did slight damage to the outer wall of the hotel.

Puppet Joint Committee Agrees on Policies

A third meeting of the joint committee of the Reformed and Provisional Governments adjourned this week after reaching decisions on six questions of administrative policy. The fourth session of the committee is scheduled to be held at Nanking at the end of March.

Specific policies for postal administration, postal money order systems and other postal transactions should be considered by both governments, the committee decided. Exports of North China raw cotton should be regulated on a quota basis, and the production of coal should be increased to the maximum in order to meet requirements in China and Japan, it was decided. Regulation of rice shipments from Central China also was advocated. Measures to deal with the Central China currency situation were also discussed.

A Dress for the Party



Punch (copyright).

Major Attlee was expelled from the British Labor Party this week for his persistency in advocating a "People's Front," long a pet scheme of the British Communist Party, which hopes thereby to dominate the British labor movement.

out on strike, joining the ranks of the already-striking employees of the Burma Petroleum Company. Shipyard and wharf workers and the bus drivers in Rangoon had gone out on strike earlier to the number of some 5,000.

According to the *Transocean* agency, the Dobama Party proclaimed a general strike Jan. 19 as a reply to the mass arrests which have been taking place. Thirteen persons were arrested on that date, the agency said, among them being a native member of the Legislative Assembly, U. Bahlaing. Two of the arrested men were described as "Indian agitators from Calcutta."

British troops and police swooped down on the Shewdagon Pagoda in Rangoon Jan. 23, said a *Reuter* dispatch, and arrested all ten members of the "Working Committee for Burma." The raiding party seized quantities of pamphlets and documents.

The Rangoon correspondent of the *China Weekly Review*, writing Jan. 10, reported that the Shewdagon Pagoda, "Largest and most beautiful temple in the city," was housing 2,000 striking workers, poverty-stricken peasants, striking bus drivers and others who were preparing to make de-

Japan Extends Air Raiding Activities

Evidencing an intention to continue the war against China largely by means of aerial bombing activity, Japanese authorities are hastily constructing two large military airdromes in the Wuhan area, according to a foreign military observer who arrived in Shanghai a few days ago.

The two fields he said, would accomodate some 200 planes, and would become a base from which Japanese raiders would launch attacks in all directions. Attempts at infantry advances, according to the observer, would be abandoned for the time being in view of the very slight headway that has been made since the fall of Hankow.

Two Japanese air squadrons carried out extensive raids in Shensi last Sunday, and claimed to have destroyed the headquarters of the Communist Party, the Eighth Route Army and a Communist university in Yen-an. The same day, Japanese naval bombers raided Watlam in southern Kwangsi and Pakhoi in southwestern Kwangtung. Extensive aerial attacks on the western section of the Lunghai Railway were also carried out.

In a raid on Jan. 18, according to a Japanese military communique, Japanese planes destroyed the provincial government building in Sian, Shensi capital, killing a number of provincial leaders.

Kuling, the famous summer resort on Lushan mountain in Kiangsi province, was bombed by 11 planes Jan. 16, according to *Kuo Min*. More than 40 bombs were dropped on the residential area, the report stated, one Briton being wounded. Some of the bombs were said to have fallen "dangerously near" the British school and a missionary library.

Paul R. Josselyn, American consul-general in Hankow, has received reports of the Japanese aerial bombing of Kuling on Jan. 16. These state that while 20 or 30 bombs were dropped, there were no casualties among foreign residents. The residence of Dr. Fossless was completely demolished, however, while other properties struck were those of the American Church Mission, Dr. Tooker (American), the China Inland Mission, the Methodist Mission, and Dr. Gillison (British).

Bombs Hit Mission

On Jan. 9, Japanese airmen bombed the town of Tungchow in Honan province, according to reports from Chungking via *Transocean*. Several bombs fell into the grounds of an Italian mission situated outside the town and clearly marked with a large Italian flag painted on the roof, the reports stated. Bishop P. Moretti, who is in charge of the mission, informed the Italian embassy in Chungking of the bombing and the damage inflicted. Three Chinese christians and eight Chinese students were badly wounded, while the mission buildings were severely damaged, he reported, adding that the raid had been carried out in daylight when visibility was good.

Loyang, important city in northwestern Honan, was raided by nine Japanese air-planes on Jan. 24. More than 60 bombs were dropped, killing and wounding more than 50 persons. The raiders also concentrated machine-gun fire on the residential area. A Swedish mission church, clearly marked with a Swedish flag, was also bombed and damaged.

Several Japanese naval air units bombed Swatow and Chaochow in eastern Kwangtung, and Yeungkong, Tinpakiang and Tunghing in southwestern Kwangtung last Saturday and Sunday. Junks, trains and motor cars in the vicinity of Chaochow were demolished, the Japanese claimed.

The *Chungking Ta Kung Pao* reported that over a period of 17 months, from July 7, 1937 to Nov. 30, 1938, 35,157 Chinese civilians were killed by Japanese aerial bombs, while 44,050 were wounded.

Hankow Relief Body Renders Statement

The following statement of income and expenditure of the Northwestern Partisan Relief Committee at Hankow was mailed to the *China Weekly Review* on Oct. 13 1938, shortly before the Japanese occupation of the Wuhan cities. It reached Shanghai this week through the ordinary mailing channels. Signatories of the statement are Agnes Smedley, Charles Higgins, Frances B. Roots, Rolf Suess and George A. Hogg.

STATEMENT AS OF OCT. 1, 1938

Receipts	Chinese \$
International Student Delegation ..	11.00
Freda Utley	10.00
Kathleen Hogg	576.44
Gertrude Folks Zimand	5.00
Agnes Smedley	1,033.49
John Davies Jnr.	100.00
Miss P. Y. Woo	169.25
Anonymous (through John Davies) ..	100.00
Frank Dorn	130.00
A. T. Steele	10.50
George A. Hogg	11.10
Bishop Logan Roots	305.34
Doctor Logan Roots	50.00
Applridge Farm, U.S.A.	147.17
Anonymous (through Rev. George Sheppard)	3.00
H. Mayes	6.00
P. Andros, C. W. Sydnor, C. M. Higgins	30.15

Total Receipts\$2,698.44

Expenditures	Chinese \$
Stationary	17.95
Postage and Customs Duties	53.86
Telegrams	66.75
Fares paid for medical workers	270.00
Photos	24.81
Equipment to 8th Route Army Hospital, Yen-an	100.00
Sent in cash to hospital of the New Fourth Army partisans.....	25.83
Medical supplies and equipment for hospitals in Liochow and Wutaishan	750.00
Cash sent to John Foster for use in Liochow and Wutaishan hospitals	286.50
Medical supplies for New Fourth Army partisans	1,033.49

Total Expenditures.....\$2,698.44

Japanese Take Over Local Paper Mills

Chinese paper mills in Shanghai and Pootung have been recently taken over by the Japanese and are employing Korean workers, according to the *Wen Hui Pao*. The leading mills are: (1) Great China Paper Mill with a total capital of \$1,000,000, (2) The Tien Chang Paper Mill, and the Sung Kee Paper Mill, with an aggregate capital of \$3,000,000, (3) The Kiangnan Paper Mill with a capital of \$2,000,000.

Nippon Plane On Siam Good-will Flight

A Heinkel 116-type plane christened the *Nogi* took off from the Tachikawa Military Airdrome in Tokyo on Wednesday for a goodwill flight to Bangkok, Siam.

S. F. Pickets Hold Up Scrap Iron Shipment

Fifty-five public organizations ordered 2,500 men and women to establish a peaceful picket line along the San Francisco waterfront to discourage the loading of 40,000 tons of American scrap iron for shipment to Japan last week-end.

The scrap iron was piled on the docks awaiting loading when the picket line, one of the largest ever formed in the Bay city, began moving up and down the waterfront, displaying signs condemning the shipment of American raw materials to Japan's war-time industries.

Action was taken after the formation of the new "Committee for Non-Participation in Japanese aggression" by numerous prominent Americans in New York under the leadership of Col. Henry L. Stimson,

Remember-Last September?



former United States Secretary of State. Local organizations indicated they would support the new committee in its efforts to promote legislation to curb the sale of scrap iron, steel and war materials to Japan.

Scrap iron dealers held a general meeting which resulted in the adoption of a resolution asserting that scrap iron was worthless in the manufacture of munitions. The shipment of American scrap iron to Japan is intended only for construction purposes, the resolution said.

After a day's delay, during which longshoremen refused to walk through the picket line, the shipment was loaded and the vessel sailed for Japan.

Singapore to Get Air Raid Warning Sirens

High-powered air-raid warning sirens which can be heard over a radius of more than two miles are on their way from England to Singapore. These sirens, which will take their place in an elaborate scheme to protect Singapore, will be installed at six points on the island.

Japanese Troops Stage Mutiny at Kiangyin

Some 500 Japanese troops recently staged a mutiny at Kiangyin, according to Chinese intelligence reports. The commander of the mutinous soldiers is stated to have been slain, while the mutineers looted the town and villages in the vicinity.

The mutiny was quelled when a Japanese unit was sent to Kiangyin from Wusih. It is stated the mutiny was caused by the war-weariness of the Japanese troops.

Not Anti-Japanese Ogres—But Masks of Ancient Chinese Figures



Cheng Tse-ming, traitor of the Sung Dynasty.

Tu An-ku, traitor of the Kingdom of Chi.

Chow Chang, Noted Warrior of the Three Kingdoms.

Tsai Ching, Chivalrous knight of early Ching dynasty.

Artist Completes 1,000 Stage Masks

FAN Tao-fu, who is connected with the head office of the Agricultural and Industrial Bank of China at Shanghai, has just completed the painting of 1,000 masks, each different, which are common to the Chinese stage.

Chinese drama occupies a unique place in the world of the theater due to the development of the facial make-up of the actor which delineates the peculiar characteristics of the character—unusually historical—which the actor represents. That there are 1,000 different types of facial make-up used on the Chinese stage today gives some idea of the richness of the repertoire.

The actual painting of the masks in colors, applied directly to the faces of the actors, is an art in itself that has been handed down through countless generations of stage-hands, who would be astonished to



Fan Tao-fu

be called artists. They are merely stage-artisans attached to every Chinese theater, while the colors they use are the results of long experience in the mixing of pigments adapted to the purpose.

Mr. Fan, who is a native of Peiping, where the historical drama reached its highest development, is himself an amateur player of note. While he is a banker by profession, his reputation as an amateur actor and painter of masks exceeds that of his bread-winning profession.

The 1,000 replicas of stage make-ups which Mr. Fan has painted in colors, faithful to the character delineations, have been bound in book form and an effort is now being made to publish them for general distribution abroad where there is considerable interest in the Chinese stage.

The four samples from Mr. Fan's book, reproduced above, indicate how the skilful stage artist manages to indicate the peculiar traits of character of the historical figure as delineated by the make-up artist on the features of the actor.

Guam Fortification Plan Alarms Japan

United States plans to fortify the island of Guam are intended to force Japan into a conference with the democratic powers on the problems of the Pacific, the semi-official *Army and Navy Register* said this week, according to a *United Press* message from Washington.

It is believed, the message said, that plans for the fortification of Guam would be abandoned if Japan agreed to such a conference. If, on the other hand, Japan refused to confer, then the fortification plans would be proceeded with and the United States will become "a great Pacific power with all the responsibilities that state implies," according to the *Register*.

President Roosevelt has announced his endorsement of the Vinson Navy Bill wherein provision is made, among other things, for the fortification of Guam. The Bill, he pointed out, authorizes various Navy projects but does not appropriate funds therefor. To fortify Guam would cost, according to present plans, about \$5,000,000, including the improvement of airplane landing facilities, dredging of the harbor, and construction of new Marines barracks.

The President said the United States had not yet held any formal talks with Japan regarding the proposed fortification of Guam, but failed to indicate whether such

discussions were in contemplation.

The *Washington Star* last week strongly urged the fortification of Guam as a guarantee of the survival of the United States as a major power in the Far East, referring to the current plans as "an obvious, inescapable necessity" if the United States was to retain Hawaii and continue to occupy the Philippines, or protect the Philippines in the event that they finally achieve their independence. The paper urged Congress to "ignore the wild language regarding American fortification of Guam now appearing in the Tokyo militarist press."

Japan Is Perturbed

American plans to fortify Guam are regarded with "grave concern" by the Japanese Navy, Rear-Admiral Masao Kanazawa, spokesman for the service, told foreign correspondents in Tokyo Jan. 19. Execution of the fortification proposals, he said, would be considered "not only as unfriendly but as a very menacing act."

The Japanese press has been conducting violent attacks on the American plan to fortify Guam. Said the *Japan Times*, on Jan. 21: "If the United States mean neither to take a hand in Chinese politics, nor make their voice heard in the political council chamber of East Asia, nor launch a trade campaign at the point of the gun, the construction of new naval bases close to the shore of Japan will only be disturbing the waters of the Pacific."

The *Asahi Shimbun*, allegedly endorsing a statement by Sen. William Borah, said the proposed fortification of Guam constituted

"the most offensive and provocative measure in the last 55 years," and charged that the United States was attempting to establish a foothold in the Pacific to carry out aggressive designs upon Japan while calling Japan the aggressor. The paper voiced the fear that the Washington administration was being "misled" regarding conditions in China by Ambassador Nelson T. Johnson, now on home leave.

Japan Censors German Film When French Object

French objections to a German motion picture production placed officials in Tokyo in a quandary last week. An official request was made by the French Embassy to ban the public screening of the film *Vernehlte Spuren* ("Vanishing Traces"), produced by the German Tobis Company, on the ground that it insulted France and her people. Foreign Ministry officials promptly went into a conference with their colleagues of the Home Office, in charge of motion picture censorship.

The outcome, the *Asahi Shimbun* reported, was that the Foreign Office decided to order cuts in the film in consultation with Home Ministry officials. This solution, the newspaper said, was reached so as not to "further aggravate Franco-Japanese relations," although officials took into consideration the fact that the picture had been produced by a firm in Germany, "one of Japan's friendly nations."

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of *The Review*.

January 8

Joint statement by 35 Chinese high commanders, addressed to Gen. Chiang Kai-shek and Central Executive Committee, denounced Wang Ching-wei's peace proposals and pledged support to the Generalissimo.

Wang's friends made public at Hongkong another statement—an open letter which Wang dispatched to Central Executive Committee and National Defence Council on Dec. 28 last. The letter contended that Gen. Chiang had previous knowledge of Wang's peace proposals and reiterated the view that the statement of Prince Konoye of Dec. 22 last provided a basis for negotiation of peace between China and Japan. Wang further argued that British, American and French assistance to China could only have the effect of putting China in a more favorable position to negotiate for peace, but would not be sufficient to affect the actual outcome of hostilities by enabling China to win a decisive victory.

Nelson T. Johnson, United States Ambassador to China, arrived at Marseilles yesterday from Rangoon, en route to Washington.

The Korean People's Party issued statement to Chinese people, pledging to support the leadership of Gen. Chiang Kai-shek and China's fight against Japanese invasion. The statement emphasized the necessity of united front against Japan and expressed confidence in China's final victory.

January 9

Postponed from Dec. 15, the 5th Plenary Session of Central Executive Committee of Kuomintang will be convened at Chungking on Jan. 20, according to Chungking report. New appointees for the posts of Deputy Chief Executive of Kuomintang and President of People's Political Council to succeed Wang Ching-wei expected to be nominated at the session.

All Chinese newspapers at Hongkong boycotted Wang Ching-wei's second statement released there last night, on the ground that its publication would be detrimental to China's cause of resistance. Official circles at Chungking unlikely to comment on the Wang statement, as the Government had already clarified its views on New Year's Day, when Wang's so-called "peace movement" was denounced in an official statement as completely violating Party discipline.

The American Southern Baptist Mission Hospital at Kweilin, Kwangsi capital, completely gutted by fire after Japanese air raid on Dec. 30, according to information received by Shanghai Office of the Mission.

1,600 tons of wheat and a quantity of canned goods and medical supplies, donations by the United States Government and public organizations for relief of civilian war victims in China, arrived at Shanghai aboard the American freighter, *Sawokla*, consigned to the Shanghai International Red Cross.

Lt.-Gen. R. Ando, Commander-in-Chief of Japanese Forces in South China, demanded cessation of transportation of arms into China through French Indo-China, during interview with Lt.-Commander Robert Castan, captain of the French warship *Argus*, at Canton.

January 10

Arrest and punishment of Wang Ching-wei, expelled Deputy Chief Executive of Kuomintang and President of People's Political Council, demanded by Gens. Li Tsung-jen and Pai Chung-hsi, Kwangsi military commanders. Wang declared guilty of high treason against the State by his peace move with Japan, Wang reported to have left Hanoi for Tham Dao, a summer resort, 78 kilometers from Hanoi. Tokyo newspapers adopt "wait and see" attitude in commenting on Wang's second statement.

Japanese planes attempting to raid Chungking failed to reach city because of heavy fog. Several bombs dropped at random in two villages near Chungking; casualties included one woman and one girl wounded.

War Minister, Gen. Ho Ying-chin expressed confidence in China's ultimate victory in speech at Chungking. Gen. Ho gave following statistical figures: Japanese military expenditure totalled Y.10,000,000 daily; Japanese casualties estimated over 700,000; Japanese aircraft shot down totalled 649 and damaged 2,202; Japanese airmen killed or captured totalled 786; Japanese warships sunk or damaged totalled 580.

Export of U.S. munitions to Japan almost stopped as result of appeal made by Secretary of State Cordell Hull on July 1 last year, asking for voluntary co-operation by American aircraft manufacturers not to export American arms to Japan, according to annual report of the National Munitions Control Board. The report revealed that during 1938, China purchased U.S.\$9,180,000 worth of American aircraft, while Japan U.S.\$9,241,000. Japan's purchases confined mainly for the first six months of the year, which totalled U.S.\$9,000,000.

Nelson T. Johnson, American Ambassador to China, now in London en route to Washington, praised Yunnan-Burma highway.

Puppet "Peace Maintenance Committee of Tsingtao" reorganized into municipal government, with Chao Chi as "Mayor."

Seat of Kwangtung Provincial Government reported removed from Lienhsien to Shaokwan, some 210 kilometers north of Canton.

January 11

Developments in Europe and America, particularly the current British-Italian conversations at Rome and present session of United States Congress, watched closely by Chinese Government circles at Chungking. If the British attempt to ease the Italian-Franco tension over Tunis and Corsica should fail, they thought, a European war would be inevitable and a European war would be most unfavorable to China. President Roosevelt undoubtedly in favor of democracies adopting firm, united measures in the Far East and of revision of the Neutrality Act, but opposition to this policy already developing in the Congress.

American Evangelical Lutheran mission at Shasi, Yangtze port above Hankow, bombed and completely destroyed during recent Japanese air raid, according to report received at Chungking.

Treaty of Amity between China and Estonia, signed on Dec 21, 1937, came into effect yesterday.

Foreigners would not be welcome along Yangtze Ports and Japanese authorities not keen on their presence there for "military reasons," declared Japanese army and navy spokesman at Shanghai.

The "Inner Cabinet" of the Hiranuma Government should devote itself more to questions relating to home affairs and leave China policies in the hands of the new Asia Development Board, declared Lt.-Gen. S. Itagaki, Japanese War Minister. Asia Development Board completely dominated by the militarist elements.

Sun, Fo, President of Legislative Yuan, revealed in speech at Chungking on Jan. 7 that Russia offered to conclude Sino-Soviet Mutual Assistance Pact prior to outbreak of Sino-Japanese hostilities on July 7, 1937; Soviet's policy in Far East said weakened by European tension. Russia said ready to go to war with Japan on three conditions: enforcement of sanctions against Japan by League of Nations, joint action by Great Britain, America, France and Russia, or invasion of Soviet territory by Japan.

Chinese claim recapture of three important cities in southwest Shansi, Chihsien, Puhsien and Taling.

Gen. Shih Yu-shan, who has been fighting against Japanese troops in East Shantung, appointed Governor of Chahar; Gen. Shih's troops have been transferred to Chahar, where they will be engaged in guerilla activities to harass the Japanese.

Report that Chen Li-fu, Minister of Education and leader of the "C. C. Group" had gone to Hanoi with Wang Ching-wei, officially denied at Chungking. Dismissal of Gen. Hsu Pei-keng, Chief of Intelligence Department of the Generalissimo's Headquarters, owing to his sympathy with Wang, also denied.

Y2,000,000 bus concern soon to be opened by Japanese at Canton; concern named Canton Urban Motor Transit Company. Direct steamship service between Canton and Japan also planned.

The Peiping "Provisional Government" issued statement, declining to assume responsibility for repayment of loans that Great Britain and American may make to the National Government.

January 12

Chinese claim victory in West Shansi; Heu Lung Kwan mountain pass behind Japanese lines occupied, thus handicapping the Japanese attempt to invade the Northwest.

On Central China front, Chinese forces are still holding Chiuling mountain, situated on Hupeh-Hunan border. Taking advantage of the present lull, Chinese commanders are putting their troops through vigorous training.

Fifteen Japanese planes bombed Kweilin, capital of Kwangsi; casualties reported heavy.

Two Japanese warships at the mouth of Pearl River damaged yesterday result of bombing raid by Chinese planes. Japanese positions at Samshui also bombed.

Japanese column ambushed in Central Hopei on January 5 by Chinese guerillas and almost wiped out; ten machine-guns, 70 rifles and a field gun captured.

National Government ordered people to salute soldiers marching to or returning from the front.

Party members arriving daily at Chungking for the 5th plenary session of the Central Executive Committee of the Kuomintang scheduled to take place on Jan. 20.

Chinese Government said to have ordered 200 bombers from the Bellanca Aircraft Company, according to report in New York *Herald Tribune*. Price for the planes said U.S.\$8,500,000.

Agreement reached between China and the Commonwealth Government of the Philippine Islands to allow Chinese refugees to enter the Philippines for

the duration of hostilities between China and Japan.

French Consular authorities at Hankow refused to hand over 10 Chinese "wanted" by the Japanese on charge of being engaged in anti-Japanese activities.

Wen Tsung-yao, head of Legislative Yuan of the puppet Nanking regime, was denounced as "most corrupt official" by Government spokesman at Chungking, while commenting on Wen's appeal to people of the provinces under control of the National Government to conclude peace with Japan on basis of the terms outlined by Prince Konoye on Dec. 22 last.

Gen. Chang Fah-kwei appointed Commander-in-Chief of Chinese Forces in Kwangtung, with Gen. Yu Han-mou as second in command. Headquarters of the Pacification Commissioner for Kwangtung abolished.

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January 13

Japanese aircraft yesterday bombed extensively Hunan, Kwangsi and Kwangtung provinces. Some 200 bombs dropped on Hanyang, strategic city in south Hunan, causing over 200 casualties. Shihnan, 120 miles west of Ichang, also bombed.

Over a dozen provincial military leaders headed by Gen. Sheng Shih-tsai, Border Defence Commissioner for Sinkiang, telegraphed National Government, demanding the arrest and punishment of Wang Ching-wei for his "peace proposal." *Nan Hua Jih Pao*, Wang's organ at Hongkong, banned by the Government.

Transit of arms and ammunition for China through Burma to Yunnan said growing daily, according to Japanese Domei agency report. British supplies totalling 60,000 tons passed through Burma during the period of November and December.

Asia Development Board, Japan's new organ to control China affairs, holds first meeting; concrete measures to deal with the China situation said decided upon.

Chou En-lai, prominent Communist leader, addressing students of Nankai University at Chungking, expressed implicit confidence in China's ultimate victory and believed that there would be no more civil wars after successful conclusion of the present campaign of resistance.

Dr. F. C. Yen, Director of National Health Administration, announced that health stations are being established along main highways and public hospitals in principal cities in southwest provinces, in order to take care of wounded soldiers and sick refugees and to suppress epidemics.

Fate of China said now in the hands of Great Britain, declared official circles at Chungking, who expressed the hope that Britain and America would not lose sight of the need for prompt action in the Far East, while engaged in settling European problems. Support of Chinese currency declared the first requisite, after which other means of positive action should follow without delay. "Don't let us see the Anglo-American debacle over Manchuria repeated," they urged.

One hundred and fifty thousand unclaimed bodies have been disposed of by the Public Health Department of the Shanghai Municipal Council since commencement of the hostilities in Shanghai, according to Chinese report; large percentage were refugees who died of starvation and exposure.

Report that Fu Siao-en, "Mayor" of the puppet Shanghai Municipal Government, called on Cornell S. Franklin, Chairman of Shanghai Municipal Council, on Jan. 9, confirmed by spokesman of the S.M.C., who described the meeting as being of personal, "off-record nature."

January 14

New British Note to Japan reiterated Great Britain's adherence to the principles of the 9-Power Treaty; expressed refusal to any unilateral modification of the Pact. Note demanded more precise and detailed interpretation of Japan's new policy as set forth in the statements on Dec. 3 and 22 by Prince Konoye and on Dec. 19 by Foreign Minister Arita.

Customs funds collected in Shanghai to be held by the Yokohama Specie Bank so long as present situation exists, declared spokesman of Japanese Embassy at Shanghai. Spokesman refuses to divulge amount taken in since Japanese occupation of Shanghai.

New Yunnan-Burma highway lauded by the *London Times*, saying Chinese Government can justly be proud of achievement. Route said important in recouping China's trade losses.

Severe fighting near Yumentu on Yellow River, in southwest Shansi, as the Japanese are attempting to capture the city.

Wanhien, Yangtze port below Chungking, bombed by Japanese planes.

Japanese troops on Canton front launch attack on Tsunghua, northeast of Canton, where severe fighting is raging.

Hongkong correspondent of Tokyo *Nichi Nichi* reports that Wang Ching-wei is determined to enter into peace negotiations with Japan on following conditions: opposition to communism, conclusion of Sino-Japanese anti-Comintern pact, China's co-operation with Germany and Italy and Sino-Japanese co-operation.

Japan's Trade Shows Tremendous Slump

Foreign trade of the Japanese Empire for 1938 resulted in an excess of exports amounting to Yen 60,498,000, according to official figures. (This was in striking contrast with an import excess of Yen 35,906,000 for 1937). Exports from Japan Proper, Korea, Formosa and the Mandated Islands, totalled Yen 2,896,707,000 and imports Yen 2,836,209,000. The combined total amounted to Yen 5,732,916,000. Exports fell off 12.7 per cent. from the 1937 figure, and imports declined 28.3 per cent. The total drop was Yen 1,540,630,000 or 21.2 per cent.

Japan has made untiring efforts for many years past to enlarge her overseas markets for textile products. The situation has changed rapidly since late in 1937, however, following installation of the wartime economic structure with rigorous control of foreign trade, with the result that these exports have been declining since early last year. Cotton textiles were hit hardest. Their total export value declined Yen 168,826,000 from 1937 to a total of Yen 404,239,000. Machinery and paper exports, however, increased.

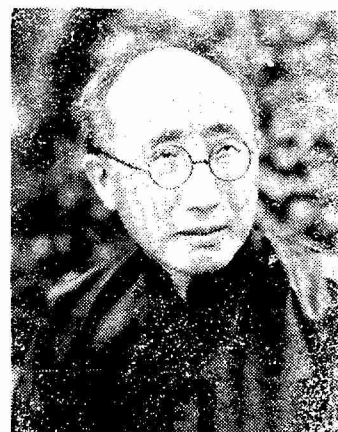
In exports of foodstuffs, wheat flour and canned foods, Japan recorded heavy gains. The former was shipped to yen-bloc countries and the latter to Europe. Exports of canned marine products continued to show an advance.

Exports of raw materials experienced a dismal drop. The total of these amounted to Yen 669,963,000, less by Yen 144,628,000 than in 1937. This was due chiefly to a slump in raw silk and rayon exports.

The combined export figure of cotton textiles and raw silk, the two greatest single exports of Japan, amounted to Yen 768,363,000, representing nearly 25 per cent. of Japan's total exports. Combined exports of these two lost Yen 211,820,000 compared with the year before. This was nearly half the total decrease in exports from 1937 and

Who's Who in China

Chang Yuan-chi, scholar and publisher; born at Haiyen, Chekiang, 1868; Hanlin Scholar under the Ching Dynasty; formerly Counsellor of the Ministry of Communica-



張元濟字菊生

Chang Yuan-chi (Chang Chu-Sheng)

tions; Vice-Minister of Education; Vice-Chairman of the Central Educational Association; Editor-in-Chief of the Editorial Department and Managing-Director of the Commercial Press, Ltd., Shanghai; now Chairman, Board of Directors of the Commercial Press; address: The Commercial Press, Ltd., 201, Honan Road, Shanghai.

was a severe blow to the country's foreign trade.

Total Imports Also Drop

That Japan's total import dropped correspondingly was caused chiefly by a heavy slump in raw cotton and wool, the two largest import articles. Their combined imports for 1938 amounted to Yen 531,262,000, a decline of Yen 618,305,000 from 1937. As it is ineffective for the Government to reduce imports of other commodities, it concentrated on a substantial reduction in these two major articles and the result was satisfactory. Rubber, pulp, lumber and other less important articles also were reduced heavily, however. Traders lost much business as a result of the exacting trade control, necessitated by the "China Incident."

The apparent small favorable trade balance was the first since 1918, but actually it included trade with the yen-bloc countries (Manchukuo and North China) which are not connected with foreign currencies. Trade with third countries actually resulted in an excess of imports amounting to roughly Yen 850,000,000 for the year.

How far the balance can be offset by Japan's invisible trade is not known, as this phase has not yet been announced, but it is obvious that last year's invisible imports were not satisfactory because Japanese ships which formerly realized fat profits from their operations overseas failed to rake up much business in 1938.

Hero of Russo-Japanese War Dies in Japan At 76

Vice-Admiral Tadamichi Kamaya, retired, died of hypertrophy of the liver at his residence in Zushi, Japan, on Jan. 19, after a long illness. He was 76 years old. He won fame as commander of a Japanese warship which sank the Russian ship *Nachimov* during the Russo-Japanese War.

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Men and Events

The British Ambassador to China, Sir Archibald Clark Kerr, is shortly making a trip to Tientsin, according to reports in the Chinese papers.

The Tokyo *Hochi* on Jan. 13 quoted the former Premier Gen. Aguero of Peru as declaring that the Japanese and Peruvians are of the same race.

Prof. Yoshitaro Negishi, member of the faculty of Rikkyo University, has arrived in Manila for the purpose of delivering a series of lectures on Japanese literature at the University of the Philippines.

Yoshiyuki Hanawa, Japanese Consul-General at Hankow, arrived in Shanghai on Jan. 19 on his return to his post from a trip to Tokyo where he conferred with officials of the Foreign Office.

Japan will send Jiro Yamagishi and Fumitaka Nakano to the American zone Davis Cup Tennis Tournament this year, according to announcement at Tokyo on Jan. 22.

Itsuo Goto, senior Japanese Consul at Shanghai has been recalled to Tokyo and Ken Tsurumi, consul-general at Harbin has been sent here in Mr. Goto's place. Mr. Tsurumi will also serve as first secretary of Embassy.

Among the new companies registered with the Ministry of Economics at Chungking, according to recent report from that city, was the *Shun Pao Company*, with a capital of \$1,500,000. The *Shun Pao* which discontinued publication when the Japanese enforced censorship of Chinese papers, recently resumed publication under foreign corporate registration.

Funeral services were held on Jan. 21 at the Pansienjao Cemetery for the late Mrs. Gerhardine Adeline Kleffel, mother of Julius and John Kleffel. The service was said by the Rev. E. Krueger of the German Lutheran Church. Mrs. Kleffel was one of the oldest German residents of Shanghai, having resided here for 56 years. She was born at Nieblum, Schleswig-Holstein, on Nov. 4, 1852.

Mrs. Myrtle Gatch Stein of Long Beach, Cal., announced the marriage of her daughter Elizabeth Stein Keen to Lieut. James Walter Smith on Nov. 26. They were married at Tiajuana, Mexico. Mrs. Keen, former wife of Victor Keen, correspondent for the New York Herald-Tribune, was recently connected with the Paris Bureau of the *Herald-Tribune*. Lieut. Smith was formerly commander of one of the gunboats of the U. S. Yangtze Patrol.

The Japanese "Central China Development Company," which was formed by the Japanese Government for the purpose of monopolizing transportation, mining and various forms of industrial development in China, has announced the formation of a "Central China City Bus Company," which is scheduled to operate bus services in Shanghai, Nanking, Soochow, Wusih, Chinkiang, Tanyang and Hankow. The company is capitalized at Yen \$3,000,000, according to the report.

Sir Percy Noble, Commander-in-Chief of British forces in the Far East, whose headquarters are at Shanghai, has gone to Manila where he will visit for five days as the guest of the American High Commissioner, Paul V. McNutt.

Air-mail and passenger plane flights between Chungking and Sian, capital of Shensi province, will be made three times a week, according to announcement of Eurasia Aviation Corporation from Sian on Jan. 22. The passenger fare for the flight will be \$270.

Dr. Frederick Robinson of the City College of New York, who arrived in Japan on Jan. 18 in the course of a world tour, was taken to a temple at Shimoda, a small harbor in Shizuko prefecture, where Townsend Harris, first American Consul in Japan, maintained his consular office for a considerable period.

Capt. Wm. Van Buskirk, formerly deputy marshal of the U. S. Court, was installed as commander of the Shanghai Camp of the United Spanish American War Veterans. The service was held at the Winter Garden on Yu Yuen Road, on Thursday evening of last week, following the annual dinner of the organization. Other officers elected included Capt. Otto Kabelitz, Adolph Peterson, Harry C. Varnum, Shung Shing, Robt. De Bellefeuille and Charles E. Pierce.

Paul V. McNutt, U. S. High Commissioner of the Philippines, has just returned from a trip to Singapore where he inspected the defense works of the British base, as the guest of the Governor. Mr. McNutt said he was greatly impressed by Singapore defenses "which are symbolic of Britain's new strength in the Far East....Anglo-American unity is the surest safeguard to restore the world to sanity."

Setsuya Beppu, a secretary in the Ministry of Foreign Affairs at Tokyo, has been appointed Consul at Liverpool, England. Keiichi Tatsuke, also connected with the Foreign Office, has been appointed Third Secretary of the Japanese Embassy in Manchukuo. The Tokyo Foreign Office recently announced the withdrawal of most of the Japanese consular officials from Manchukuo.

Theodore Harold White, who graduated from Harvard last year, has the distinction of having acquired a speaking and reading knowledge of the Chinese language while in the United States. While at Harvard he majored in Far Eastern history and the Chinese language. Mr. White is now in China on a traveling fellowship and is planning to spend several weeks in the interior practicing the various dialects. He is now in Peiping and plans ultimately to engage in newspaper work.

Capt. Albert Ernest Jackson, well known American pilot at Shanghai, died of heart attack at his home in the French Concession on Jan. 21. Capt. Jackson was born at Newcastle-on-Tyne, England, June 29, 1884 and after residing in the United States for several years, joined the Pacific Mail Steamship Company and later the Dollar Steamship Company. In 1919 he joined the Shanghai Licensed Pilots Association. He is survived by Mrs. Jackson and their daughter. Funeral services were held on Jan. 23 at the Kiaochow Road Chapel.

John S. Potter of the China Realty Company is the editor of a new magazine shortly to be started in Shanghai, which will be devoted to China's export trade. It will be known as the *China Exporter* and will contain articles pertaining to the export of Chinese products ranging from nuts to firecrackers. The publisher of the journal will be S. B. Bosack and the associate editor will be P. K. Loh.

Miss Martha Jewell, founder and president of the Door of Hope Mission in Shanghai, celebrated the 81st anniversary of her birth on Saturday, Jan. 21. Miss Jewell, who was born in the United States, came to China 40 years ago and organized the Door of Hope which cares for waifs and young women. The organization cooperates closely with the local courts and police departments and receives support from the Municipal Council of the International Settlement.

The British Cruiser Cardiff arrived at Shanghai on Jan. 22 to relieve the 10,000-ton Suffolk, which is returning to England for over-haul. The Suffolk will visit Hongkong, Philippines and Australia on the return voyage. The H. M. S. Scorpion, which has been in Shanghai harbor, will depart for the mouth of the Yangtze for tests, while the Gnat will go to Nanking.

The Seattle Amateur Athletic Union basketball team, composed of former University of Washington players, defeated the All-Japan University stars 32 to 31 in the second game of a series of three staged in Manila on Jan. 20. The Americans defeated the Japanese in the first game by the score of 33 to 27. Previously the Japanese team had defeated most of the leading Filipino teams, losing only one game.

The Soviet Government, for the first time, has appointed a woman to the Cabinet. The appointee is Madame Polina Zhemshuzhina, wife of the present Premier M. Molotoff. Mrs. Zhemshuzhina will serve as Commissar for the Fishery Industry, a newly created post. She was previously head of the cosmetics industry which she built up to extensive proportions.

Some 200 reinforcements for the British East Surrey Regiment, arrived in Shanghai on the steamer Yusang from Hongkong on Jan. 21. Excepting 57 new recruits from the training depot at Kingston-on-Thames, the remainder came here from Khartoum in the Sudan. The men were landed at Hunt's Wharf in Hongkew and marched, with a band, to the billets occupied by the regiment on Great Western Road.



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C. J. Chancellor, General Manager of *Reuters*, departed for Japan this week.

*

Dr. Francis D. Hutchins, member of the staff of Hsiang Yu Hospital and Medical College at Changsha, who is now visiting in Shanghai, delivered an address on Wednesday evening on the subject, "Changsha, Inferno and After."

*

Mrs. O. G. Steen and three children are expected to return to Shanghai on the U.S. liner *President Coolidge*, scheduled to dock at Shanghai on Jan. 31. Mr. Steen, who was formerly connected with the Dollar Steamship Company, is now connected with the President Lines.

*

Yu Ya Ching, C. M. Shu and James H. Lee were hosts on Monday night of this week at the final Ping-Pong Tournament for the 1938 Hsu Singloh Memorial Cup. The games were held at the Huchow Association at 263 Kweichow Road, and were well attended. The Ching Yung team defeated the Hwa Li team by the close score of four sets to three. Each team was represented by seven men, the individual championship having been won by Loh Han-tsin. Proceeds from admissions were donated to local relief funds.

*

A Shanghai Japanese Press Club was organized last Saturday at a meeting in Hongkew. Representatives of leading newspapers in Japan and two Japanese language newspapers in Shanghai, Japanese Navy and Army officers and consular officials attended the inaugural party. Members of the Japanese Press Club include representatives of *Domei*, Fukuoka *Nichi-Nichi*, *Hochi Tokyo Nichi-Nichi* and its chain of papers, Tokyo *Asahi* and affiliated papers, Tokyo *Yomiuri*, Shanghai *Mainichi*, *Tairiku Shimpō* and other news organizations. Offices will be established in the Pearce Apartments, Boone Road.

*

Officials of the recently created Ministry of Welfare in the Tokyo Cabinet have not yet made up their minds whether Japanese athletes will participate in the forthcoming Olympic Games at Helsingfors, Finland. According to *Reuter* the question of Japan's participation has been a "touchy subject," since the Japanese Government decided not to serve as hosts for the meet. Aside from the opposition of other nations to Japan's participation, the chief problem confronting the Japanese is the matter of finding the finance for sending a Japanese delegation. A further element, as yet unannounced, is the possibility that the Japanese, Germans and Italians may form a "New Olympic," which will be participated in by "anti-Comintern" powers.

*

Miss Tsai Kwei, head of the Editorial Department of the Y. W. C. A., was installed as national general secretary of the organization on Jan. 19. More than 100 members and friends were present. Miss Tsai fills the position made vacant by the death of Miss Ting Shu Ching in the summer of 1936. The installation ceremony was conducted by Mrs. Y. Y. Tsu, chairman of the National Committee and former chairmen, Mrs. C. C. Chen and Mrs. J. H. Sun. Cables and letters of congratulation were received from branches of the organization in various parts of the world. Miss Tsai has a Masters Degree in Philosophy of Education from Teachers College, Columbia University, and is also a graduate of Ginling College, Nanking.

Col. Claude Russell-Browne, who was chief engineer of British forces at Shanghai from 1924 to 1928, committed suicide at his home in England, according to report from London on Jan. 23. The verdict stated he had suffered severely from insomnia.

*

L. G. Stone, an American ex-service-man, residing in Shanghai, was reported missing from his residence at No. 95 Wayside Road, this week. He is 45 years of age and has not been at his residence for more than 10 days.

*

William Henry Chamberlin, correspondent for the *Christian Science Monitor*, stationed in Tokyo, who was in Shanghai this week, has gone to Hongkong. Mr. Chamberlin has recently been transferred to Paris and will depart for his new post in the spring.

*

Among some 100 additional officials either dismissed or reduced in rank in Russia this week, was M. Molokov, chief of civil aviation in the Far East, according to *Reuter* report from Moscow. Mr. Molokov was charged with being absent from his post on Jan. 7 and 8 for the Russian orthodox Christmas.

*

Baron Albert de Bassompierre, Belgian Ambassador and doyen of the Diplomatic Corps in Tokyo, who will leave for home soon after 18 years' service in Japan, was the guest of honor at a farewell tea party given last week at the Peers' Club under the auspices of the Japan-Belgium Society. The envoy and his wife were presented with souvenirs at the party.

*

Prince Alexis Obolensky, white Russian, was expelled from the Russian Nobility Association in New York because he played the part of a Soviet Commissar in the musical hit "Leave It To Me," under the stage name of Alexis Bolan. When the controllers of the Association gave him the choice of quitting office (*Time*, Dec. 19) the Prince resigned, saying, "I am a professional actor." His wife, commenting on the incident, said that by playing the part of a Soviet Commissar he was really helping the Czarists "by making a fool of the character he plays."

*

Admiral Harry E. Yarnell, Commander-in-Chief of the U. S. Asiatic Fleet, returned on Monday of this week from a brief inspection trip along the lower Yangtze, including stops at Chinkiang, Nanking and Wuhu. Admiral Yarnell made the trip aboard the U. S. S. *Isabel* and was accompanied by C. E. Gauss, American Consul-General at Shanghai, M. J. Harris, manager of the *Associated Press*, L. J. Mead, manager of the Standard-Vacuum Oil Company at Nanking also traveled from Shanghai to Nanking on the *Isabel*.

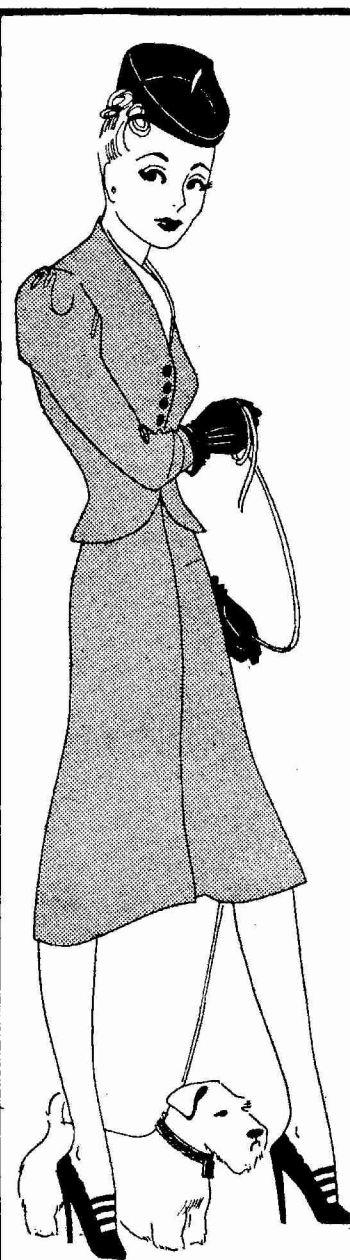
*

Frank Arthur Simon, an American, was adjudged not guilty of a charge, for which he was arrested several weeks ago, of attempting to commit a conspiracy against the United States. He was, however, found to have forged a letter which had been written him by the American Consul-General. In consequence the U. S. District Attorney was advised to file an information against Simon for forgery of the letter. According to evidence Simon had tried to register Chinese fishing junks as American-owned property. He had altered a letter sent him by the Consul-General and in this manner was alleged to have defrauded some Chinese. The case was heard by Judge Milton J. Helmick in the U. S. Court for China.

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Joseph C. Grew, U. S. Ambassador to Japan, is planning to proceed to Washington in May, according to report in the *Nichi-Nichi*, which stated that it would be Mr. Grew's first trip home since 1934.

With the demand for sugar in Central China on the increase, the Ming Hwa Sugar Refinery, Yangtsepoo, Shanghai factory of the Meiji Sugar Manufacturing Company of Japan, will reopen at the end of this month, according to the *Tairiku Shinpo*.

Aw Boon-haw, well-known Chinese industrial magnate and philanthropist of Singapore, arrived in Hongkong Jan. 19. He recently organized an overseas Industrial Company to develop the mineral resources of Yunnan Province. The company has a capital of \$50,000,000.

Dr. M. T. Rankin of the Southern Baptist Mission at Shanghai and W. Y. Chen, general secretary of the National Christian Council, were guest-speakers at a meeting of the American University Club on Friday, Jan. 17. They gave their impressions of the World Christian Conference at Madras, which they attended along with some 500 other delegates from 70 countries.

The Red Cross Society of China, Shanghai Refugee Relief Association and several other organizations concerned with relief, have announced a reception and tea in honor of Mr. and Mrs. C. R. Bennett, who are departing shortly for their home in the United States. Mr. Bennett, who served for many years as manager of the National City Bank of New York, has been associated with various Chinese relief and educational organizations both in Peiping and Shanghai.

According to *Domei*, official Japanese news agency, two Japanese gamblers, or would-be gamblers, were arrested on Friday night of last week and will be deported to Japan. The report alleged that the men, who are employed by a local Japanese cotton mill, "were on their way" to the gambling house when arrested. The *Domei* story said that the men "were acting in a manner injurious to Japanese public pride." Visitors at the local gambling joints in the Western "bad-lands" state that Japanese, usually newspapermen, are always present.

The *Catholic Review* for January published a denial of a report printed in the Shanghai newspapers in December alleging that two Italian Catholic priests had been arrested by the Chinese authorities at Laohokow on charges of spying. Laohokow is in Hupeh province. According to a letter written by the Italian law firm, Musso, Fischer and Wilhelm, who are attorneys for the Catholic Mission at Laohokow, the mission has been in existence for 200 years, "and during all this time has attended to religious, educational, charitable and medical work only, is maintaining an orphanage for about 500 children and never had anything to do with politics."

William Hunt Will Operate Ships to Ningpo

William Hunt and Company, according to reports in the *Shun Pao* and *Sin Wan Pao* (Jan. 19 and 21) has chartered four ships which will be operated on the Shanghai-Wenchow-Ningpo line. The boats and services are: Yung Sen between Shanghai-Wenchow-Ningpo; Kwang Sen between Shanghai-Taichow-Wenchow; Hsin An Lar between Shanghai-Wenchow-Taichow-Ningpo; Yuen Sun between Shanghai-Taichow-Ningpo. According to the *Shun Pao* the Hsin An Lar, which had already started the service, was detained at Ningpo for sometime despite the fact permission to enter the port had

been granted by the Chinese Government. The *Sin Wan Pao* said that the National Government at Chungking had granted permission for 48 ships to operate between Shanghai and Chekiang ports.

A report in the *Shun Pao* (Jan. 22) said that the Japanese military authorities had not yet carried out their reported agreement to hand over to William Hunt and Company, four wharves which formerly belonged to the China Merchants Steam Navigation Company. It was stated that the Japanese had withdrawn their troops and military equipment from three of the godowns, but the actual transfer of the property had not yet taken place.

Philippines Will Admit Chinese Refugees

An agreement was reached on Jan. 12 between the Chinese National Government and the Philippine Commonwealth whereby Chinese refugees will be permitted to enter the Philippines for the duration of the hostilities between China and Japan. The agreement, on the Chinese side, was negotiated by Dr. C. Kuangson Young, who recently was appointed Consul-General at Manila. The agreement stipulates that refugees must be guaranteed by a resident of the Philippines, in order that the refugees may not become public burdens. Previous approval must be obtained before departure from China and Chinese consular officials as well as the Chinese Chamber of Commerce must hold themselves responsible for the return of the refugees to China after the war.

Japanese Smash Opium Ring in Japan

According to *Domei* the Japanese police at Kanazawa, broke up a gang of opium smugglers who were transporting opium to China from Saghalien Island by way of Japan and thence into Manchukuo and Tientsin. It was alleged that Ohotaro Asado, leader of the smuggling gang had cleared profits amounting to a half million yen. Asado and two associates were arrested. Nothing was said in the report as to why the Japanese were exporting opium to Manchukuo which produces a large surplus of the drug which is distributed throughout Japanese-occupied areas. Also, it was the first time that Saghalien (southern half owned by Japan) was ever referred to as a producer of opium.

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New Books of Interest in the Far East

A Diplomat Speaks

AFFAIRS OF CHINA—By Sir Eric Teichman. London, Methuen Publishers. 303 pp., with index. Price 12/6d.

In a dozen or more books on China published during recent years, this reviewer has encountered the observation that "the Chinese are the best servants in the world." It is the invariable hall-mark of the Old China Hand. In Sir Eric Teichman's book, it is true, one comes across it only in the penultimate chapter. Yet it stamps the whole work.

The beknighted Sir Eric is not, however, an Old China Hand cast in the rigid mold of a B. Lennox Simpson or a H. G. W. Woodhead, C.B.E. He is more enlightened, more benevolent, more genial, more gracious in his racial condescensions. His book surveys the tortured history of China's relations with the Western Powers, in which, as a member of His Britannic Majesty's diplomatic service, he played a by no means inconsiderable role during more than three decades.

Now, in the ease and comfort of retirement, he surveys the handiwork in China of the empire on which the sun never sets, and, being somewhat less bigoted than many of his contemporary fellow-nationals in this unhappy country, does not find it entirely to his liking. His rebukes to John Bull, however, all relate to the dim past. In old age he has become the contrite ex-diplomat, who, relieved of the necessity for continuing to justify the unjustifiable, can at last derive some comfort from spilling a few beans. On reading the first few chapters of his book, there were recalled to the mind of this reviewer some lines of doggerel heard many years ago:

King David and King Solomon
Led merry, merry lives—
They could not count their concubines,
Could scarcely count their wives;
But when old age came creeping on
It brought to each some qualms,
So Solomon wrote the Proverbs
And David wrote the Psalms.

Sir Eric has written *Affairs of China* and this is what he says: "That there are blots on Britain's China record cannot be denied; the first and worst the opium trade." That is really something. It places the author right outside the ranks of the conventional British die-hards, who believe that it is human to err, but positively immoral to admit the error—if the error be British. But Sir Eric, having all the prejudices of an empire builder, is far from indulging in anything more than the mildest of rebukes to the lion whose every roar and growl in the direction of China he helped to transmit during thirty years in the diplomatic service. He believes that, on the whole, British policy in China has been benevolent and beneficent, while "British official procedure is almost always scrupulously honest." Here are some gems of quotations:

"But in fact the open door and the preservation of China's independence had always been the traditional policy of the British Government in China; from which they had deviated in 1898 to claim a sphere of influence only because they found themselves compelled in self-defence by the activities of other Powers to do so."

Does not Japan today justify her rape of China by references to self-defence? But here is another quotation, richer in the

fulsomeness of its eulogy of Britain in China:

"The record of Britain's dealings with China over a period of just one hundred years, punctuated though it may be with wars, conflicts and misunderstandings, is on the whole a good one. Britain has dealt fairly and justly by China; and the Chinese historian of the future may well write down Great Britain as China's best and oldest friend."

One may justifiably harbor some doubt on this latter score. Indeed the author himself deems it a little strange that "China's best and oldest friend" has not in the past been popular in China and that "Chinese of the educated classes (what about the uneducated?), many of whom have been trained in American colleges and schools (dig at an empire rival!), tend to be prejudiced against the British and their activities in China." Apparently only a simpler mind than that of a British diplomat can comprehend the meaning of this contradiction. In the

very next chapter, however, the author overcomes his surprise at Britain's unpopularity in China by affirming what should be evident to any schoolboy. It is the truth, he says, "that the innate anti-foreign feeling of the Chinese has been fomented and provoked by the privileged position of the foreigner and the policies of foreign Governments in China."

Well, then, was Chinese hatred of Britain and the British a product of mere cussedness, or was it generated and fostered by British policies and actions? Sir Eric Teichman, having like all good diplomats a predilection for the "middle view," accepts neither. It is this straddling attitude which leads him to speak of the "innate anti-foreign feeling of the Chinese" as of something inborn, whereas in fact it was bred by the actions of the Western invaders in their dealings with China and the Chinese.

The author possesses all the intellectual blind-spots of the apologist for imperialism. Chinese merchants and consumers, he tells us, benefited from the economic penetration of the Western powers. He fails to add what is surely all too obvious in this connection, namely, that the extraterritorial privileges which the foreign traders, investment capitalists and concessionaires

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exacted—and especially the control of the Chinese Customs tariff, which for long years was limited to five per cent *ad valorem*—had the effect of hampering, limiting and circumscribing native economic development. Viewed thus, the advent of the West was harmful, not beneficial. The foreigners came, not to aid disinterestedly in China's development, but to profit and to pile up fortunes from China's pitiful backwardness.

Writing of the virtual monopoly exercised by British shipping along China's rivers and coasts, the author says that "for decades the Chinese merchants have benefited, equally with British and other foreign firms and individuals, by the safe, regular and efficient transport" offered by Jardine's and Butterfield and Swire. Again his blind-spots are seen shutting off a full view. Without the invasion of profit-seeking foreign capital, backing rival contenders for power, China would long since have been unified and well on the road to real independence and progress. She would have had her own merchant fleet and it would have been just as safe to travel on or ship by it as it has been by the British lines. But the foreign invaders came, tore the country asunder in their mad search for profits—and now an ageing British diplomat comes along to tell us that the Chinese should be thankful to the swashbuckling marauders for such "benefits" as were brought and imposed by foreign armies and gunboats! There is no hypocrisy like the hypocrisy of the British imperialist.

This essential and usually quite unconscious hypocrisy, supplemented by a formal logic in reasoning which precludes historical understanding, produces strange contradictions in Sir Eric's writing. Thus, while his book is an attempt to justify British economic penetration in China, as something beneficent and advantageous to the Chinese, he cannot avoid, in many instances, stating obvious conclusions from facts. Thus he tells us that railway construction was forced upon the Chinese "as part of the game of foreign political and economic penetration."

He is quite sure "Communitic teachings contain no panacea that will cure the economic ills of China." To him they sound a "note of unreality" in China, for they "seem altogether inappropriate to the Chinese character." Nevertheless, as he has to admit, the ideas of Communism have taken root in China. Why—if they are so alien to the Chinese character? Actually (but this a British diplomat could hardly be expected to understand), political ideologies do or do not take root according to the appropriateness and fertility of the social soil in which they are planted. To attempt to explain their existence or non-existence, their progress or their retrogression, in terms of racial characteristics is to reveal one's own sterility of thought.

Sir Eric Teichman's book is pervaded throughout with lofty condescension towards the Chinese people. Thus, he finds it "astonishing" that the abolition of *liken* by the Kuomintang government turned out to be more than a mere paper decree. Anything progressive and commendable, when done by a non-Briton, especially if the non-Briton happens to be a Chinese, is "astonishing." After all, one should never expect anything good of Kipling's "lesser breeds." Sir Eric also speaks of the Chinese warlords, "with their senseless civil wars"—omitting, as one should expect, mention of the fact that many thousands of good pounds sterling went into the financing of these affairs.

Not being of the "die-hard" school whose prestige has waned from 1927

onward, our author takes many a neat jibe at the British and other foreign communities in China. During the warlord era, says he, for instance, "the foreign community in the Legation Quarter (in Peking) played at being a beleaguered garrison; enjoying the thrills without the dangers of a state of war." Less comprehensible is his statement that among British treaty-port communities there is a "noticeable absence" of class formality and that these communities are "free from the complexes and class distinctions of officialdom so characteristic of Anglo-India and the eastern colonies." To these observations about the only appropriate retort would be "Oh yeah!"

All our criticism notwithstanding, Sir Eric Teichman's book is well worth reading, if one can disregard the racial egotism and the savor of top-dog pomposity and condescension with which it is permeated.

He writes lucidly and has filled his book with facts excellently arranged. It will prove very valuable as a source of reference for students desiring to acquaint themselves with the relations between China and the West in all their principal phases.

Of special interest to Shanghai residents is his statement that since 1931 "the armed forces of Britain and America have been stationed in Shanghai not so much to protect the Settlement against Chinese mob attack as to maintain the balance of local military power *vis-a-vis* the armed forces of Japan." Which, coming from such an authoritative source, is something for both Chinese and foreigners, including the Japanese, to ponder over.

F. G.

Labor Struggle Story

FROM BRYAN TO STALIN—By William Z. Foster. International Publishers, New York. 352 pp. Price U.S.\$2.50.

At the present time, when the United States are swept by a wave of serious unrest and strikes amongst industrial workers, this book will prove of special interest to all trying to understand the development of the labor movement in the U.S.A.

It certainly is no comprehensive history written by a neutral and detached observer and does not claim to be one, but, being largely the autobiography of one of the most prominent working-class leaders in the U.S.A., a veteran organizer who led the big steel strike of 1919 and, since the beginning of this century, has been in the thick of all industrial struggles of his time, it gives a most vivid picture not only of these struggles themselves but, more so, of the various currents and fights for influence and power amongst the different leaders of the workers. As the title indicates, it is the story of the rise and decline of syndicalism in the United States and of the role and aspirations of the Communists in the trade-unions.

The son of an ardent fighter for Irish independence who in 1868 had to flee to the United States, born and grown up in poverty, the author, since he first took an active part in a strike when but 14 years old, naturally, one might say, became more and more radical until finally he found the only hope for the American worker in revolutionary Communism of the Soviet Russian pattern.

An extremely well and forcefully written book, reflecting in every line the fighting spirit of the radical, the fanatical leader, and thus of great interest quite apart from the question whether his is for the toiling masses the road to salvation.

J. P.



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